Public Accounts 2016-17

Volume 1

Summary Financial Statements

Government of Saskatchewan

2016-17 Public Accounts
Volume 1 - Summary Financial Statements

Contents

3 Letters of Transmittal
4 Introduction to the Public Accounts

Financial Statement Discussion and Analysis

7 Summary Financial Statements - Discussion and Analysis

Summary Financial Statements

41 Statement of Responsibility
43 Independent Auditor's Report
45 Summary Financial Statements
49 Notes to the Summary Financial Statements
63 Schedules to the Summary Financial Statements

85 Glossary of Terms

Regina, Saskatchewan
June 2017

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of Saskatchewan

Your Honour:

I have the honour to submit Volume 1 of the Public Accounts of the Government of Saskatchewan for the fiscal year ended March 31, 2017.

Respectfully submitted,

KEVIN DOHERTY
Minister of Finance

Regina, Saskatchewan
June 2017

The Honourable Kevin Doherty
Minister of Finance

We have the honour to present Volume 1 of the Public Accounts of the Government of Saskatchewan for the fiscal year ended March 31, 2017.

Respectfully submitted,

CLARE ISMAN
Deputy Minister of Finance

TERRY PATON
Provincial Comptroller

Introduction to the Public Accounts

The 2016-17 Public Accounts of the Government of Saskatchewan (the Government) are prepared in accordance with the *Financial Administration Act, 1993* and consist of two volumes. The Government is responsible for the integrity and objectivity of the information presented in these two volumes.

Volume 1

Financial Statement Discussion and Analysis provides users of the Government's Summary Financial Statements with an overview of the Government's performance by presenting comparative financial highlights and variance analysis. The information in the financial statement discussion and analysis should be read in conjunction with the Summary Financial Statements.

Summary Financial Statements provide an accounting of the full nature and extent of the financial affairs and resources of the Government. This includes the financial results of the General Revenue Fund, Crown corporations, boards and other organizations controlled by the Government. A listing of all organizations controlled by the Government, collectively referred to as the government reporting entity, is provided in schedule 18 of the Summary Financial Statements.

Volume 2

Volume 2 contains the following unaudited financial information:

- General Revenue Fund schedules and details;
- General Revenue Fund capital asset acquisitions schedule and details;
- revolving fund expenditure details;
- summary listing of payees who provided goods and services and capital assets of $50,000 or more to the General Revenue Fund and revolving funds during the fiscal year;
- assets, liabilities and residual balances of pension plans and trust funds administered by the Government;
- remissions of taxes and fees; and
- road-use fuel tax accountability revenues and expenditures.

The Public Accounts, including a Compendium, are available on the Government of Saskatchewan's website.

The Compendium contains the financial statements of various government agencies, boards, commissions, pension plans, special purpose funds and institutions, as well as Crown corporations which are accountable to Treasury Board. In addition, the financial statements of Crown corporations and wholly-owned subsidiaries that are accountable to the Crown Investments Corporation of Saskatchewan (CIC) Board can be found on CIC's website.

Financial Statement Discussion and Analysis

Financial Statement Discussion and Analysis

Highlights

Introduction

The Financial Statement Discussion and Analysis (FSD&A) provides an overview of the Government's financial performance and information to report on the Government's accountability for the resources entrusted to it. The FSD&A is intended to assist users of these statements in their assessment of the Government's fiscal health. The Government is responsible for the integrity and objectivity of this discussion and analysis.

This information should be read in conjunction with the Summary Financial Statements (SFS) which include the financial activities of all government-controlled organizations, collectively referred to as the government reporting entity. A complete listing of the organizations included in the government reporting entity is provided in schedule 18 of the SFS.

During 2015-16, the year end of certain government organizations was changed from December 31 to March 31 to align with the Government's fiscal year. Accordingly, the 2015-16 results include 15 months of operations for these organizations. All references made in the Financial Statement Discussion and Analysis to 2015-16 actual results represent 15 months of operations for these government organizations.

Financial Results

The 2016-17 SFS report a deficit of $1.22 billion, $914 million more than the budget which has been adjusted to the same basis as the actual results to account for pension costs on the accrual basis. These results are largely attributable to the continuing impact of low resource prices on the Provincial economy. The economic impact of the ongoing weakness in the resource sector is far reaching, having a negative impact on the profitability of major corporations, employment and wages. This resulted in $510 million lower-than-expected taxation revenues, and non-renewable resources revenue which was $185 million lower-than-budgeted. Other unexpected budgetary pressures included: elevated crop insurance claims resulting from the poor harvest conditions in 2016; higher-than-budgeted utilization pressures in health care, education and social services and assistance; and a $282 million distribution of workers' compensation surplus during the year. Higher-than-expected transfer revenue from the federal government offset some of the budget pressures. This was primarily funding for infrastructure projects and for compensation for the transfer of federally owned dams to the Province.

The current year results were a $301 million improvement over the previous year. While the pressures discussed above also impacted the year-over-year comparison, this improvement was largely attributable to a budgeted year-over-year reduction in pension related costs resulting from changes in the actuarially determined pension liability.

The Government continued to invest in the Province's infrastructure, focusing on transportation, education and health care. Its $3.36 billion capital investment during 2016-17 will help the Government to meet the challenges of a growing province, to strengthen the economy moving forward and to improve safety. This investment significantly contributed to the $2.29 billion increase in net debt during the year.

Highlights

At a Glance

Financial Results

(millions of dollars)

	2017		2016	Change from	
	Adjusted Budget[1]	Actual	Actual[2]	Adjusted Budget	2016 Actual
Revenue	14,024	13,626	13,634	(398)	(8)
Expense	(14,328)	(14,844)	(15,153)	516	(309)
Annual (Deficit) Surplus	(304)	(1,218)	(1,520)	(914)	301
Net Debt	(9,383)	(10,192)	(7,899)	809	2,293
Accumulated Surplus	1,191	372	1,495	(819)	(1,123)

Totals may not add due to rounding.

[1] Budget figures have been adjusted to the same basis as the 2017 actual results to include a $130.1 million decrease in the budgeted deficit to account for pension costs on the accrual basis.

[2] 2016 Actual includes 15 months of operations for certain government organizations, the year end of which changed from December 31 to March 31 during that year.

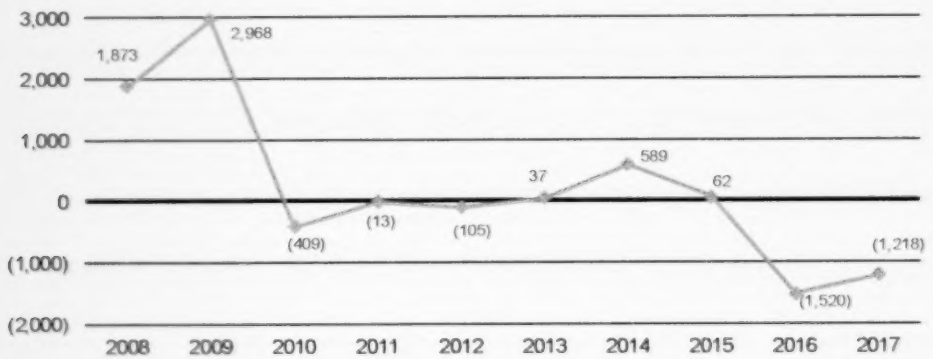
Highlights

Annual (Deficit) Surplus

The annual (deficit) surplus represents the amount by which (expense exceeds revenue) revenue exceeds expense for the fiscal period.

Annual (Deficit) Surplus

(millions of dollars)



The 2016-17 SFS report a deficit of $1.22 billion, a $301 million improvement over the $1.52 billion deficit reported in the previous year. The year-over-year improvement is mainly attributable to a decrease in pension expense as well as increases in transfers from the federal government and other own-source revenue. These improvements were partially offset by decreases in taxation revenue, non-renewable resources revenue and net income from government business enterprises (GBEs). In addition, there was an overall increase in spending, notably in the agriculture, health and social services and assistance expense themes.

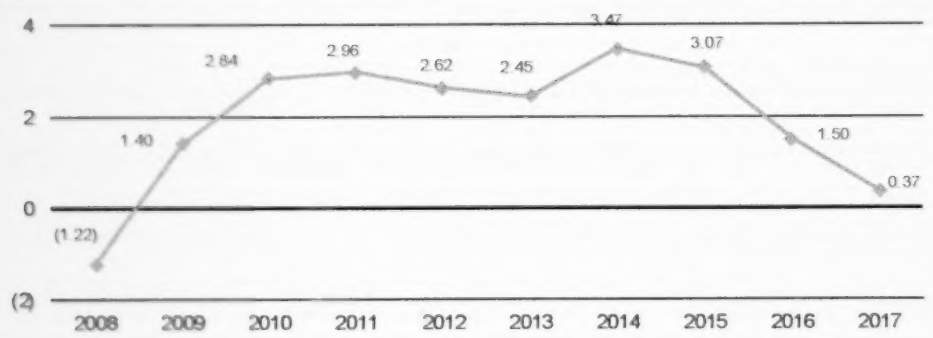
Compared to the adjusted budget, the deficit is $914 million higher-than-expected due to shortfalls in taxation and non-renewable resources revenues as well as net income from GBEs. This was partially offset by higher-than-expected transfers from the federal government. In addition, spending was $516 million more than budgeted.

Accumulated Surplus (Deficit)

The accumulated surplus represents the Government's reported net economic resources. An accumulated surplus indicates that a government has net resources that can be used to provide future services.

Accumulated Surplus (Deficit)

(billions of dollars)



The Government has reported an accumulated surplus since 2008-09. At March 31, 2017, the accumulated surplus is $372 million, $1.12 billion lower than the previous year and an $819 million reduction from the adjusted budget. These decreases were mainly the result of the deficit reported in the current year.

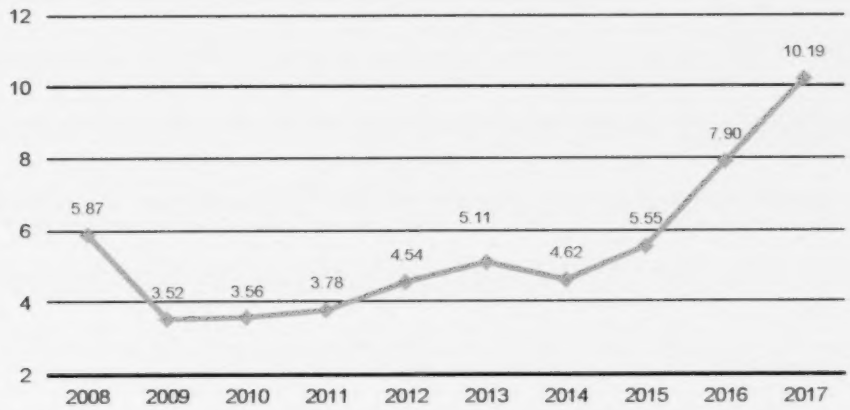
Highlights

Net Debt

Net debt provides a measure of the future revenue that is required to pay for past transactions and events.

Net Debt

(billions of dollars)



The net debt reported in the SFS at March 31, 2017 is $10.19 billion, an increase of $2.29 billion over 2015-16. The year-over-year increase in net debt is primarily due to the deficit reported in the current year together with the net acquisition of capital assets resulting from the Government's continued investment in infrastructure.

Compared to the adjusted budget, net debt is $809 million higher-than-expected primarily due to the higher-than-expected deficit.

The net debt of the SFS is:

- the accumulated surplus, representing the extent to which past revenues have exceeded past expenses; offset by
- the investment in non-financial assets, primarily representing the Government's investment in educational and health care facilities and highways.

Net Debt Components

(millions of dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Accumulated surplus (deficit)	(1,218)	1,397	2,836	2,961	2,617	2,449	3,469	3,074	1,495	372
Less: Investment in non-financial assets	(4,655)	(4,921)	(6,395)	(6,744)	(7,161)	(7,558)	(8,085)	(8,626)	(9,394)	(10,564)
Net Debt	(5,873)	(3,524)	(3,560)	(3,783)	(4,543)	(5,109)	(4,615)	(5,552)	(7,899)	(10,192)

Totals may not add due to rounding.

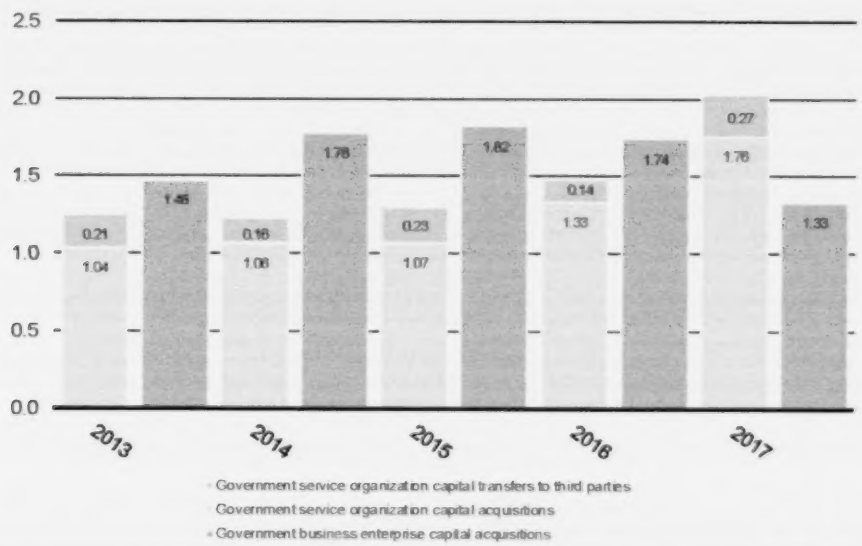
Highlights

Investment in Infrastructure

The Government invests in infrastructure by either:
- investing in government-owned capital; or
- providing transfers to third parties, including municipalities and universities, for capital purposes.

Investment in Infrastructure

(billions of dollars)



During 2016-17, the Government invested $3.09 billion in government owned infrastructure: $1.33 billion for government business enterprises (GBEs) to maintain existing and to build new infrastructure; $1.76 billion to meet the capital requirements of government service organizations (GSOs). In addition, $267 million was provided by GSOs to third parties to fund their capital needs.

Investment in infrastructure continued to be a priority with the current year investment exceeding the prior year investment in government-owned capital by $21 million, however it was $391 million less than budgeted. $952 million (2016 - $412 million) of the Government's current year investment is through public private partnerships (P3s). These P3s are partnership arrangements in the form of long-term performance-based agreements between the public sector and the private sector to deliver public infrastructure for citizens.

Highlights

Credit Rating

The Province obtains a credit rating from the three major credit rating agencies: Moody's Investors Service Inc.; Standard & Poor's; and the Dominion Bond Rating Service. Overall, Saskatchewan's credit rating from the three major credit rating agencies ranks second highest among the Canadian provinces.

The credit ratings for all provinces as at March 31, 2017, are shown below.

Credit Ratings – March 2017

	Rating Agency[1]		
Jurisdiction	**Moody's Investors Service Inc.**	**Standard & Poor's**	**Dominion Bond Rating Service**
British Columbia	Aaa	AAA	AA (high)
Alberta	Aa1 (neg)	AA (neg)	AA (high)
Saskatchewan	Aaa	AA+ (neg)	AA
Manitoba	Aa2	AA- (neg)	A (high)
Ontario	Aa2	A+	AA (low)
Quebec	Aa2	A+ (pos)	A (high)
New Brunswick	Aa2	A+	A (high)
Nova Scotia	Aa2	A+	A (high)
Prince Edward Island	Aa2	A	A (low)
Newfoundland & Labrador	AA3 (neg)	A (neg)	A (low)

Ratings reflect the latest credit ratings available at March 31, 2017.

[1] The rating agencies assign letter ratings to borrowers. The major A bracket categories, in descending order of credit quality, are: AAA/Aaa; AA/Aa; A. The '1', '2', '3', 'high', 'low', '-', and '+' modifiers show relative standing within the major categories with (pos)/(neg) representing a positive/negative outlook or trend. For example, AAA exceeds AA, Aa1 exceeds Aa2 and AA exceeds AA-.

Assessment of Fiscal Health

A government's fiscal management can be gauged through an assessment of its fiscal health in the context of the overall economic and financial environment. Fiscal health describes a government's ability to meet its existing financial obligations, both with respect to its service commitments to the public and its financial commitments to creditors, employees and others. The assessment of the Government's fiscal health considers the three elements of sustainability, flexibility and vulnerability on the basis of the following indicators:

Sustainability
- Accumulated surplus (deficit) to the Province's GDP
- Net debt to the Province's GDP
- Net debt to total revenue
- Net debt per capita

Flexibility
- Debt charges to total revenue
- Own-source revenue to the Province's GDP

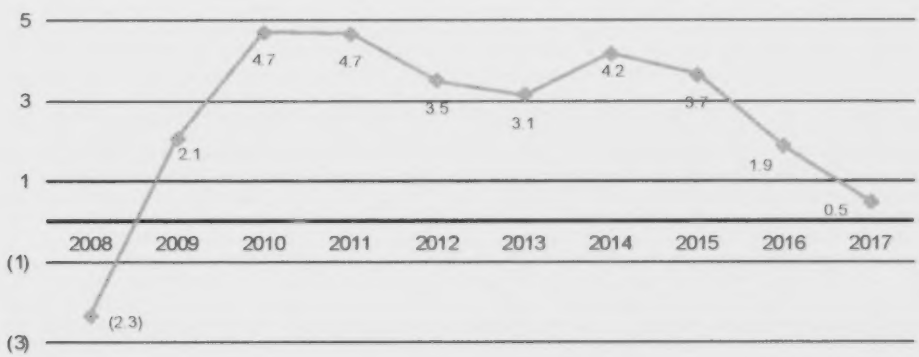
Vulnerability
- Non-renewable resources revenue to total expense
- Transfers from the federal government to total revenue
- Foreign currency debt to net debt

Sustainability

Sustainability is the degree to which a government can maintain its existing level of spending and meet its existing debt obligations.

Accumulated Surplus (Deficit) to the Province's GDP

(per cent)



The accumulated surplus (deficit) measures the sum of all current and prior years' operating results. Gross domestic product (GDP) is a measure of the value of the goods and services produced during a year, indicating the size of the provincial economy. This indicator takes a long-term view of government finances. The trend of accumulated surplus (deficit) as a percentage of GDP indicates whether the accumulated surplus (deficit) is changing faster or slower than the growth or decline in the economy and provides insight into the Government's fiscal strategy in the context of the economy.

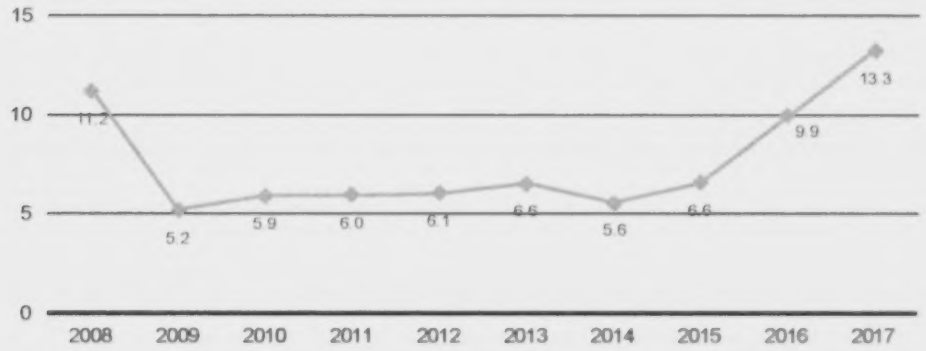
GDP reflects the latest figures available for the current and prior years. This is based on the February 2017 Edition of the Saskatchewan Provincial Economic Accounts for which the main source of data is the Provincial and Territorial Economic Accounts produced by Statistics Canada.

Assessment of Fiscal Health

Sustainability (*continued*)

Net Debt to the Province's GDP

(per cent)

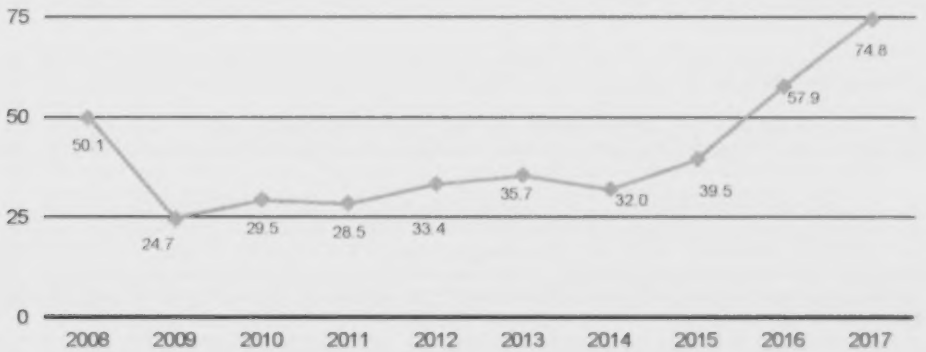


Net debt is the difference between a government's financial assets and liabilities and represents the future revenue that is required to pay for past transactions and events. Net debt as a percentage of the Province's GDP provides a measure of the level of financial demands placed on the economy by the Government's spending and taxation policies. A lower net debt to GDP ratio is desired and indicates higher sustainability.

The relatively stable ratio from 2008-09 to 2014-15 indicates the Government's overall fiscal policies over the same period of time were sustainable to the extent that the rate of economic growth in the Province matched the growth in net debt. The rise in this ratio in 2015-16 and 2016-17 is mainly a result of market-driven variables, such as low oil prices, together with the Government's continued investment in infrastructure.

Net Debt to Total Revenue

(per cent)



Another measure of a government's sustainability is net debt as a percentage of total revenue. Net debt provides a measure of the future revenue that is required to pay for past transactions and events. A lower net debt to revenue ratio indicates higher sustainability, as less time is required to eliminate net debt.

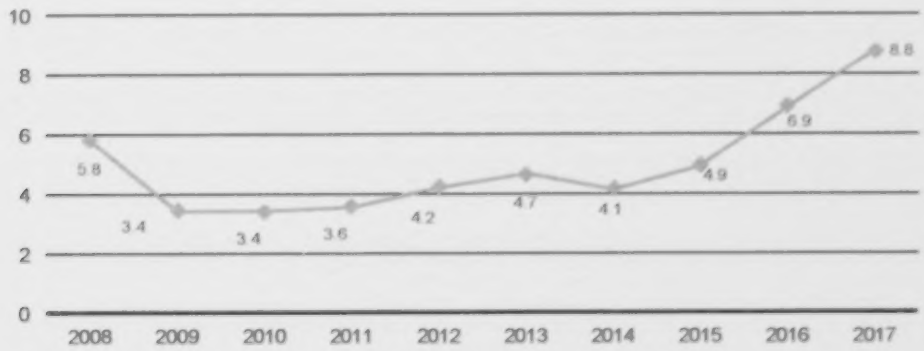
The Government's net debt as a percentage of total revenue has increased over the past eight years, from 24.7 per cent in 2008-09 to 74.8 per cent in 2016-17. The overall increase in this ratio during this period is primarily the result of the Government's significant investment in capital. The fall in revenue tied to low oil and potash prices in recent years increased this upward trend over the last two years.

Assessment of Fiscal Health

Sustainability (*continued*)

Net Debt per Capita

(thousands of dollars)



Figures are based on Statistics Canada first quarter estimates representing the population at January 1 of each year.

Net debt per capita represents the net debt attributable to each Saskatchewan resident. An increase in this ratio indicates the debt burden per resident has grown.

The overall increase in this ratio over the last seven years is a result of an increase in net debt that exceeds the growth in the Province's population over the same period. The rise in this ratio in 2015-16 and 2016-17 indicates that the annual increase in the Province's population in these years was proportionately lower than the increase in net debt over the same period. The $4.64 billion increase in net debt in the last two years is mainly a result of market-driven variables, such as low oil prices, together with the Government's continued investment in infrastructure.

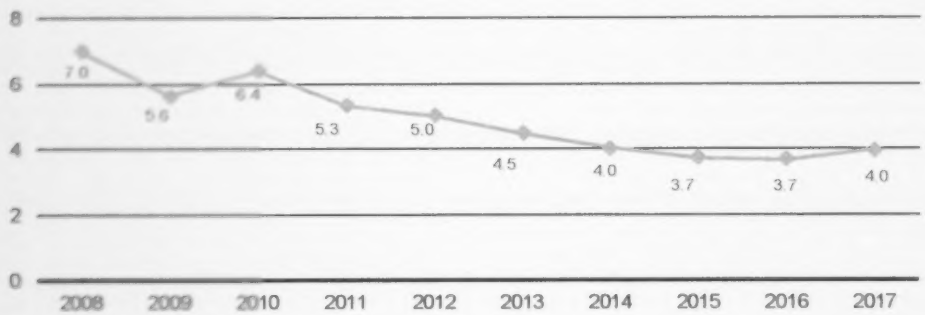
Assessment of Fiscal Health

Flexibility

Flexibility is the extent to which a government has room to manoeuver in terms of increasing its debt or tax burden on the economy.

Debt Charges to Total Revenue

(per cent)

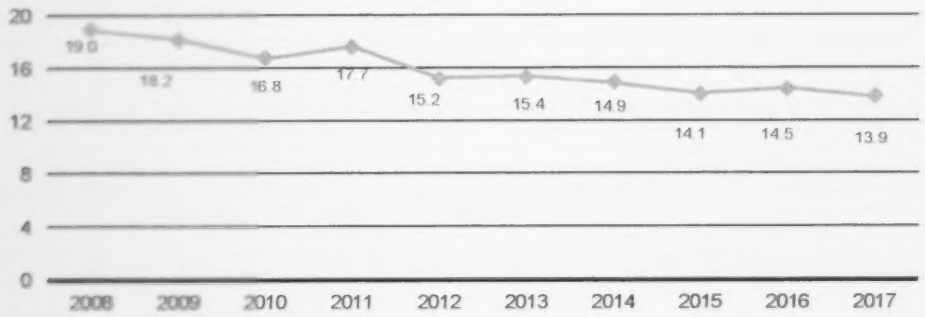


A debt charges to total revenue ratio, often referred to as the interest bite, indicates the proportion of provincial revenue that is required to pay interest charges on general public debt and therefore is not available to pay for essential public services and programs. A lower ratio means that there is more money available to provide government services.

Over the last ten years, there has been an overall decrease in the interest bite due to both increased revenue and decreased interest costs. In 2016-17, the Government spent approximately 4.0 cents of each dollar of revenue on debt charges on general public debt, compared to 7.0 cents in 2007-08. This reduction leaves more resources available to the Government to provide services without increasing its revenue.

Own-Source Revenue to the Province's GDP

(per cent)



This ratio measures the extent to which the Government is taking income out of the provincial economy, through taxation, non-renewable resources revenue or user fees. An increase in this ratio indicates that the Government's own-source revenue is growing faster than the economy, reducing the Government's flexibility to increase revenue without slowing the growth of the provincial economy.

Own-source revenue as a percentage of GDP has remained relatively constant over the last ten years meaning that the Government has not significantly changed its demands on the provincial economy over this time. The chart, while relatively constant, shows an overall decreasing level which indicates that the Government's flexibility has improved over the last ten years.

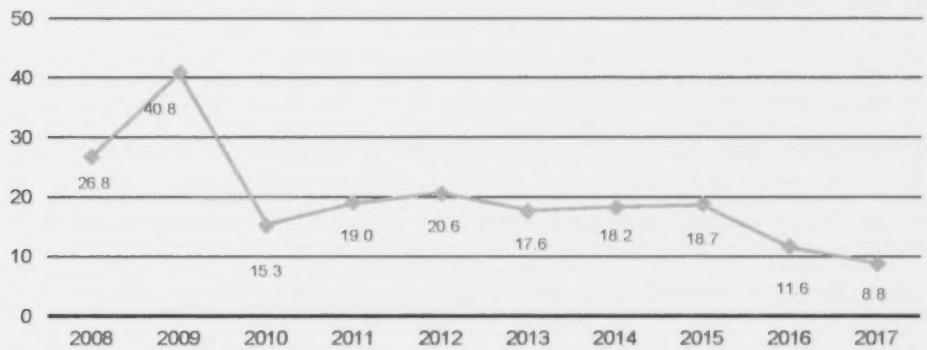
Assessment of Fiscal Health

Vulnerability

Vulnerability is the extent to which a government is dependent on or exposed to risks associated with sources of funding outside its control.

Non-Renewable Resources Revenue to Total Expense

(per cent)



Non-renewable resources revenue is affected by price and production factors which are beyond a government's direct control. Non-renewable resources revenue as a percentage of total expense is therefore an indicator of how vulnerable the Province is as a result of its dependence on non-renewable resources revenue to fund its expenses.

In Saskatchewan, non-renewable resources revenue is an important but volatile source of revenue. A higher than normal non-renewable resources revenue to total expense ratio typically means that there has been a windfall for non-renewable resources revenue, where prices or production are at above-normal levels. Likewise, when the ratio is lower than normal, it typically represents a period of reduced prices or production.

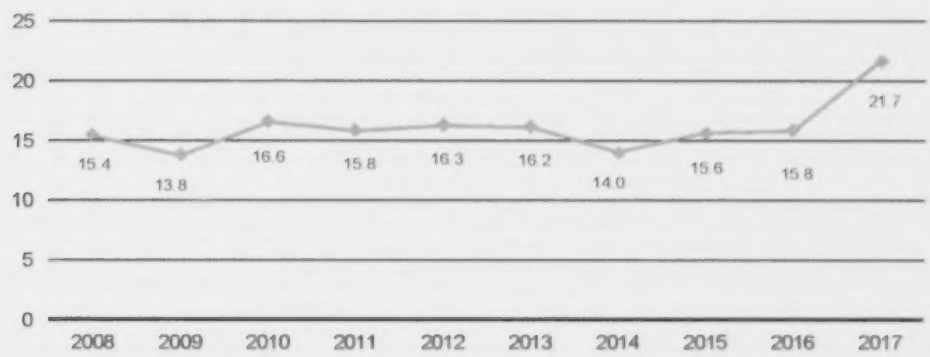
The decrease in the indicator over the past two years highlights the softness in the non-renewable resources revenues and the necessity to focus on other revenue and cost savings options.

Assessment of Fiscal Health

Vulnerability (*continued*)

Transfers from the Federal Government to Total Revenue

(per cent)



The Government does not control the amount of federal transfers that it receives each year. Transfers from the federal government as a percentage of total revenue is therefore an indicator of the degree of vulnerability the Government has as a result of reliance on the federal government for revenue. Generally, a decreasing ratio indicates that a government is less reliant on federal transfers to fund its programs, making it less vulnerable.

In 2016-17, 21.7 per cent of the Government's revenue came from transfers from the federal government with the remainder coming from Saskatchewan sources. The rise in this ratio in the current year is mainly due to significant one-time infrastructure transfers, including compensation for the transfer of federal dams to the Province, occurring during 2016-17. This means that the Province is more reliant on federal transfers.

Foreign Currency Debt to Net Debt

The ratio of foreign currency debt to net debt is an indicator of the degree of vulnerability a government has to currency rate fluctuations. Where the Government holds debt that is issued in foreign currencies it often uses cross currency swaps, a hedging strategy, to effectively convert this debt to Canadian dollar debt. At March 31, 2017, this ratio is essentially nil due to the Government's hedging strategies together with its investment in U.S. dollar sinking fund assets. Over the last ten years, exposure to currency rate fluctuations on foreign currency debt has been minimal. Decreasing this exposure through the use of hedging activities and holding U.S. dollar sinking fund investments mitigates the risk of debt and debt charges changing due to changes in foreign currency rates.

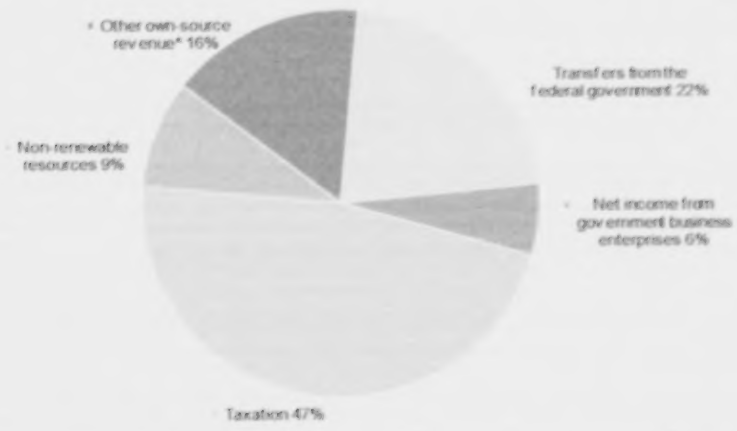
Details

Revenue

Total revenue was $13.63 billion in 2016-17, 21.7 per cent of which represents transfers from the federal government and the remaining 78.3 per cent own-source revenue.

Revenue by Source – 2016-17 ($13.63 billion)

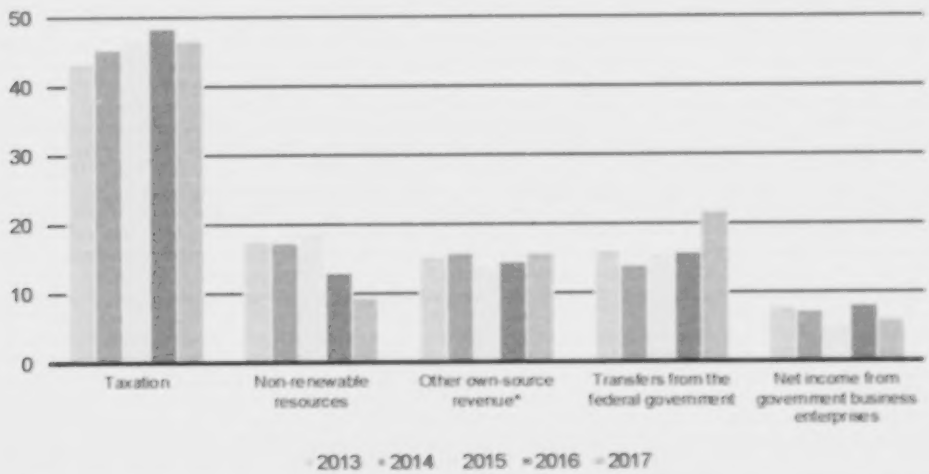
(per cent)


Other own-source revenue* 16%
Transfers from the federal government 22%
Non-renewable resources 9%
Net income from government business enterprises 6%
Taxation 47%

* Key components of "other own-source revenue" include fees (9%), insurance (2%), transfers from other governments (1%) and investment income (1%).

Revenue by Source – Percentage of Total Revenue

(per cent)



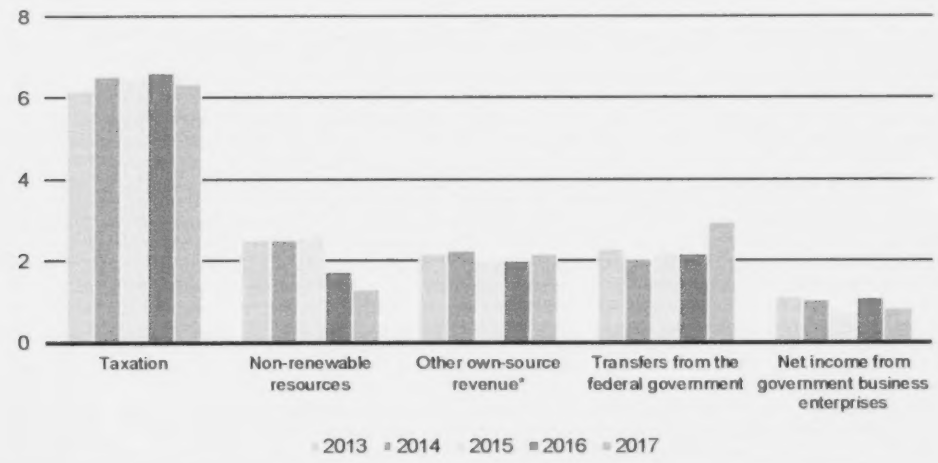
* In 2016-17, key components of "other own-source revenue" include fees (9%), insurance (2%), transfers from other governments (1%) and investment income (1%).

Details

Revenue (*continued*)

Revenue by Source

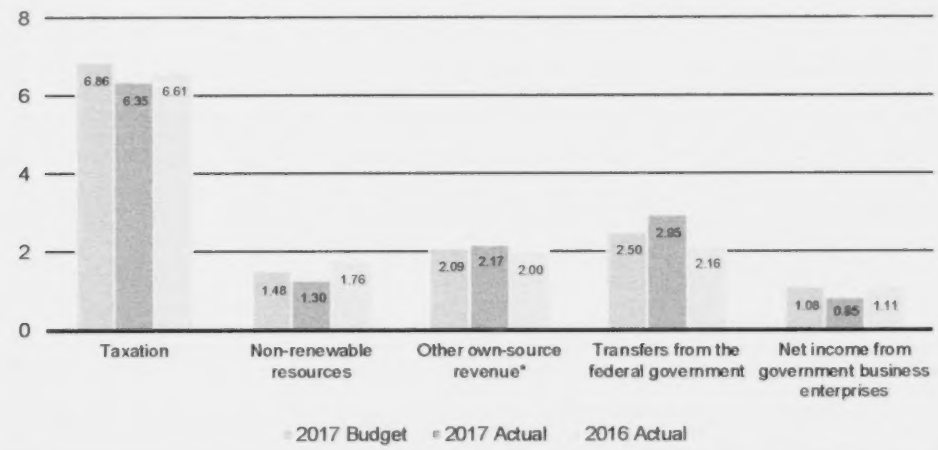
(billions of dollars)



* In 2016-17, key components of "other own-source revenue" include fees ($1.21 billion), insurance ($304 million), transfers from other governments ($97 million) and investment income ($92 million).

Revenue by Source – Comparison to Budget and Prior Year

(billions of dollars)



* In 2016-17, key components of "other own-source revenue" include fees ($1.21 billion), insurance ($304 million), transfers from other governments ($97 million) and investment income ($92 million).

Total revenue of $13.63 billion in 2016-17 represents a year-over-year decrease of $8 million, or 0.06 per cent. This decrease was primarily the result of reductions in non-renewable resources revenue, net income from government business enterprises and taxation revenue. These were partially offset by increases in transfers from the federal government together with other own-source revenue. Included in the 2015-16 results are 15 months of operations for certain Government organizations whose year-end changed in the prior year to align with the Government's fiscal year. This also contributed to the year-over-year decrease.

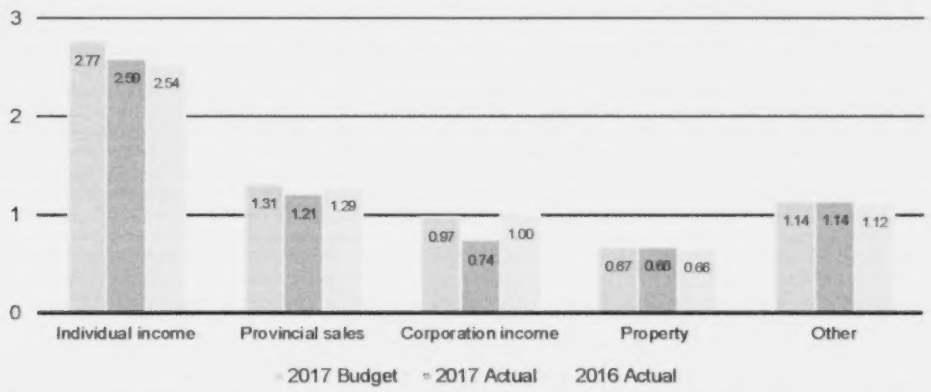
Details

Revenue (*continued*)

When compared to the budget, revenue decreased by $398 million, or 2.8 per cent. This decrease was a result of lower-than-expected taxation and non-renewable resources revenue as well as net income from GBEs that were partially offset by higher-than-expected transfers from the federal government and other own-source revenue.

Taxation Revenue – Comparison to Budget and Prior Year

(billions of dollars)



Taxation revenue was $6.35 billion in 2016-17, a decrease of $254 million, or 3.9 per cent, from 2015-16 and a $510 million, or 7.4 per cent, decrease compared to budget. The $254 million decrease from prior year was largely due to reductions in corporate income tax and provincial sales tax revenue partially offset by increases in individual tax revenue. When compared to budget, most sources of taxation revenue were lower, with the $510 million decrease largely attributable to lower-than-expected corporate and individual income tax as well as provincial sales tax.

Individual income tax revenue was $2.59 billion in 2016-17, an increase of $55 million, or 2.2 per cent, over 2015-16 and a decrease of $183 million, or 6.6 per cent, from budget. The year-over-year increase was primarily due to an improvement in the prior years' reconciliation adjustment relative to 2015-16, partially offset by lower taxes resulting from declines in employment and compensation. The $183 million decrease from budget is primarily due to ongoing weakness in the resource sector resulting in economic weakness that is deeper and more prolonged than anticipated.

Provincial sales tax revenue was $1.21 billion in 2016-17, a decrease of $83 million, or 6.5 per cent, from the prior year and $107 million, or 8.1 per cent, from budget. These decreases were primarily related to weaker economic activity and continued declines in the oil and gas and manufacturing sectors, and their impact on the broader economy.

Corporation income tax revenue was $735 million in 2016-17, a decrease of $268 million, or 26.7 per cent from 2015-16 and a decrease of $233 million, or 24.1 per cent, from budget. The year-over-year decrease was due to the continuing impact of low resource prices on the profitability of corporations and the resulting corporate income tax revenues as well as a large negative prior years' adjustment based on 2015 assessments. The $233 million decrease from budget was due to the impact of low resource prices on corporate profitability and the resulting weaker-than-expected income tax revenue.

Property tax revenue, at $675 million, was $18 million, or 2.7 per cent, higher than prior year with a nominal increase of $9 million, or 1.3 per cent, over budget. These increases were due to growth in the property tax assessment base.

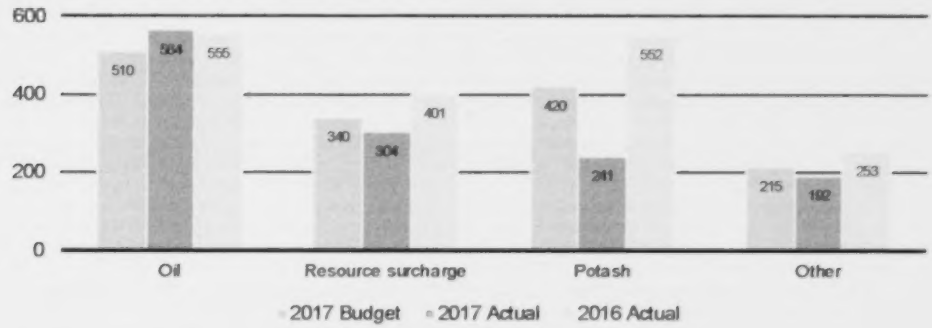
Other tax *(including fuel, tobacco and other miscellaneous tax)* revenue totaled $1.13 billion for the year, an increase of $24 million, or 2.2 per cent, over the previous year and $4 million, or 0.3 per cent, over budget. Increases in corporation capital tax, fuel tax, insurance premiums tax and mineral rights tax that were partially offset by decreases in liquor consumption tax make up these increases.

Details

Revenue (*continued*)

Non-Renewable Resources Revenue – Comparison to Budget and Prior Year

(millions of dollars)



Non-renewable resources revenue is one of the Government's most volatile revenue sources because it is influenced by external factors, particularly commodity prices and changes in market demand and the exchange rate.

In 2016-17, non-renewable resources revenue was $1.30 billion, a decrease of $461 million, or 26.2 per cent, from 2015-16 and a decrease of $185 million, or 12.5 per cent, compared to budget. Lower potash revenue, resource surcharge and uranium royalties revenue were the largest contributors to the decline from both the prior year and budget.

Oil revenue was $564 million in 2016-17, an increase of $8 million, or 1.5 per cent, from 2015-16 and $54 million, or 10.6 per cent, over budget. These increases are primarily due to higher West Texas Intermediate (WTI) oil prices and a lower light-heavy blend differential.

WTI oil prices averaged 47.94 U.S. dollars per barrel in 2016-17. This is an increase of 2.79 U.S. dollars per barrel from the 2015-16 WTI average oil price of 45.15 U.S. dollars per barrel and an increase of 3.06 U.S. dollars per barrel from the budgeted WTI average oil price of 44.88 U.S. dollars per barrel.

The light-heavy blend differential decreased from 22.4 per cent in 2015-16 (21.5 per cent at budget) to 21.3 per cent in 2016-17 positively impacting oil revenue.

The average exchange rate fell from 76.4 U.S. cents in 2015-16 (75.0 U.S cents at budget) to 76.2 U.S. cents in 2016-17. The decrease in the average exchange rate results in higher prices in Canadian dollars and generally has a positive impact on oil revenue.

The above mentioned factors resulted in a higher average Canadian dollar well-head price in Saskatchewan, increasing from $41.16 in 2015-16 ($41.51 at budget) to $45.09 in 2016-17.

The increase over prior year was partially offset by production decreasing from 174.0 million barrels in 2015-16 to 169.3 million barrels in 2016-17.

Resource surcharge revenue was $304 million in 2016-17, a decrease of $97 million, or 24.2. per cent, from the prior year and a decrease of $36 million, or 10.7 per cent, from budget. Decreases over the prior year and budget occurred in the potash and uranium industries. While the oil sector added to the decrease from prior year, higher-than-expected WTI oil prices partially offset the decrease from budget in the other sectors.

Potash revenue was $241 million in 2016-17, a $311 million, or 56.3 per cent, decrease from the previous year and a $179 million, or 42.7 per cent, decrease from budget. The decreases were largely due to lower prices as the average mine netback (realized price) decreased from 258 U.S. dollars per KCl tonne in 2015-16 and a budget assumption of 207 U.S. dollars per KCl tonne to 173 U.S. dollars per KCl tonne in 2016-17 (from $546 in 2015-16 and $454 at budget to $377 per K_2O tonne).

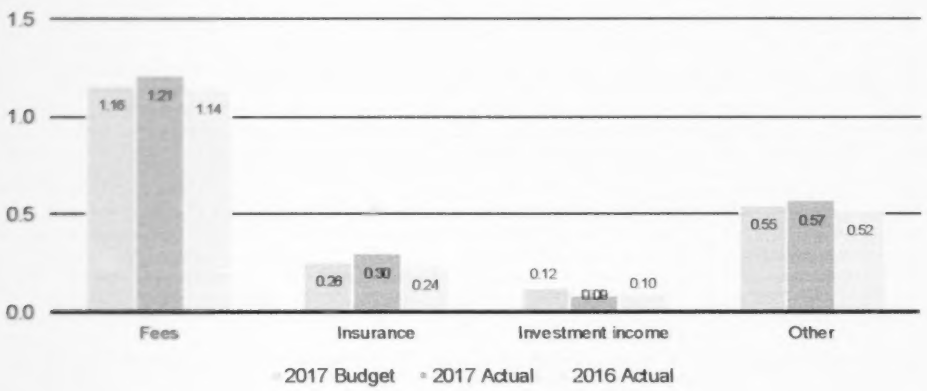
Other non-renewable resources *(including crown land sales, natural gas and other miscellaneous non-renewable resources)* revenue was $192 million, a decrease of $61 million, or 24.3 per cent, from the prior year and a decrease of $23 million, or 10.8 per cent, when compared to budget. These decreases are primarily due to lower uranium royalties mainly resulting from lower realized prices compared to prior year and budget (from $123 per kg in 2015-16 and $131 per kg at budget to $115 per kg in 2016-17) When comparing to the prior year, lower coal royalties added to this decrease.

Details

Revenue *(continued)*

Other Own-Source Revenue – Comparison to Budget and Prior Year

(billions of dollars)



Other own-source revenue was $2.17 billion in 2016-17. A year-over-year increase of $171 million, or 8.6 per cent, was mainly due to the impact of increased fees, insurance and other own-source revenues.

When compared to budget, revenue increased by $85 million, or 4.1 per cent, representing higher-than-expected revenue for fees, insurance and other own-source revenues partially offset by lower-than-expected investment income.

Fees revenue at $1.21 billion was $73 million, or 6.4 per cent, higher than reported in 2015-16 and $53 million, or 4.6 per cent, more than the budget. The year-over-year and budget-to-actual increases were primarily due to an increase in patient fees in health care, including out-of-province and out-of-country patients. While there was a year-over-year increase in agricultural land sales related to the Agricultural Crown Land Sale Incentive Program, these land sales fell short of the budget.

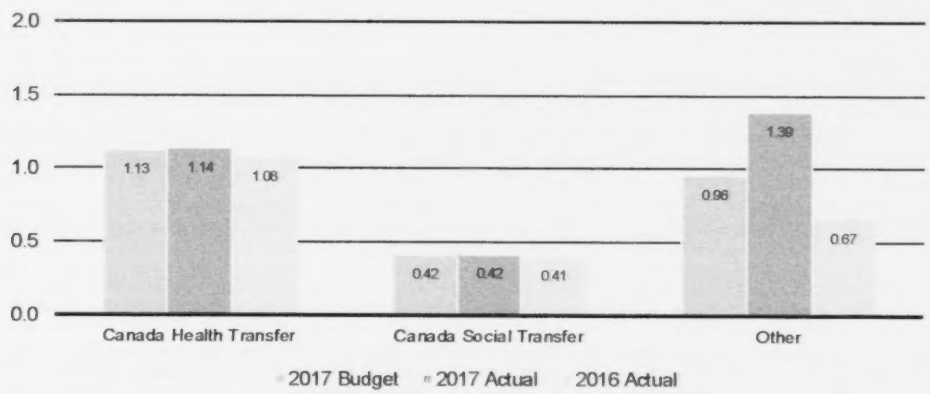
Insurance, investment income and other revenue was $961 million for the year. This was an increase of $98 million, or 11.3 per cent, over the prior year and a $32 million, or 3.4 per cent, improvement over the budget. The year-over-year and budget-to-actual increases were primarily in insurance due to increased producer crop insurance premiums with increased coverage on higher cost crops. In addition, there was a gain on sale of agricultural land in the current year that contributed to the year-over-year increase. Also there were unbudgeted grants-in-lieu revenue reported by school divisions and lower-than-expected investment income that contributed to the budget-to-actual variance.

Details

Revenue *(continued)*

Transfers from the Federal Government – Comparison to Budget and Prior Year

(billions of dollars)



Federal transfers were $2.95 billion in 2016-17, an increase of $799 million, or 37.1 per cent, over 2015-16 and $450 million, or 18.0 per cent, compared to budget. When compared to 2015-16, federal contributions related to cost-sharing arrangements were significantly higher. Increases in the Canada Health Transfer and Canada Social Transfer, resulting from legislated increases also affected the year-over-year improvement. The increase in other federal transfers from budget was largely due to the transfer of federal dams to the Province, as well as increases in federal contributions under several large cost-sharing arrangements for infrastructure in the Province.

Canada Health Transfer was $1.14 billion in 2016-17, an increase of $58 million, or 5.4 per cent, over the previous year and $12 million, or 1.0 per cent, over budget. The increase over prior year was primarily due to a legislated 6 per cent increase in the national allocation. The increase over budget resulted from revised population data in which Saskatchewan's share of the national population for 2015 and 2016 was higher-than-expected at budget.

Canada Social Transfer was $423 million in 2016-17, an increase of $14 million, or 3.4 per cent, over the previous year and $5 million, or 1.2 per cent, over budget. The increase over prior year was primarily due to a legislated 3 per cent increase in the national allocation. The increase from budget resulted from revised population data in which Saskatchewan's share of the national population for 2015 and 2016 was higher-than-expected at budget.

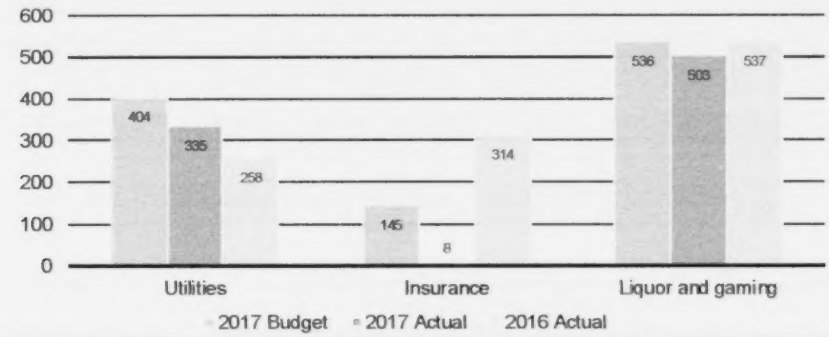
Other transfers from the federal government were $1.39 billion in 2016-17, an increase of $727 million, or 109.2 per cent, over the previous year and $434 million, or 45.2 per cent, over budget. Increases over the previous year and budget are primarily for: the transfer of federal dams to the province together with funding for ongoing maintenance of such; federal funding of crop insurance premiums related to increased coverage on higher cost crops; P3 funding for the Regina Bypass project; funding under the new Post-Secondary Institutions Strategic Investment Fund; federal disaster assistance funding including recovery assistance for the wildfires occurring in 2015; and funding for low income housing under the Investment in Affordable Housing and Social Infrastructure Fund agreements.

Details

Revenue *(continued)*

Net Income from GBEs – Comparison to Budget and Prior Year

(millions of dollars)



Net income from Government Business Enterprises (GBEs) was $846 million in 2016-17. This represents a $263 million, or 23.7 per cent, decrease when compared to prior year results. $248 million of this decrease is due to an extra three months of operations reported in the prior year. The remaining $15 million decrease, when compared on a 12 month basis, represents year-over-year decreases in the Insurance and Liquor and Gaming sectors that were almost entirely offset by an increase in Utilities. The decrease reported in the Insurance sector was largely a result of a workers' compensation surplus distribution made during the current year.

When compared to the budget, the actual results fell short by $239 million, or 22.0 per cent, primarily due to the workers' compensation surplus distribution of $282 million.

Utilities reported a combined net income of $335 million in 2016-17, a $77 million, or 29.8 per cent, increase over the previous year. $120 million of the $258 million reported in prior year represents an extra three months of operations for that year. When compared on a 12 month basis, this sector reported a $197 million, or 142.8 per cent, improvement over the previous year. This increase was primarily due to: favourable market value adjustments on future natural gas purchase contracts; system-wide rate increases on electricity and natural gas usage as well as on the transportation of natural gas; growth in revenue across the sector with higher demand resulting from recent economic growth in the Province; and cost restraint initiatives. These improvements were partially offset by an increase in capital-related expenses, including depreciation and financing costs.

When compared to budget, the results reported by the utility sector fell short by $69 million, or 17.1 per cent. This shortfall mainly resulted from lower-than-expected power and gas revenue due to a lower-than-expected rate increase on electricity effective January 1, 2017 (3.5 vs. 5.0 per cent) and a lower-than-expected volume of gas sold as a result of a warmer than normal winter. These lower-than-budgeted revenues were partially offset by lower-than-expected operating costs including: cost of sales for gas resulting from lower sales volume in a lower-than-anticipated price environment; and cost restraint initiatives across this sector.

Insurance reported $8 million in net income for the year, a $306 million, or 97.5 per cent, decrease from the previous year. This decrease was mainly due to a significant distribution of workers' compensation surplus made during the year. The year-over-year decrease is also inflated by the $122 million impact of reporting an extra three months of operations in the previous year. When compared on a 12 month basis before the workers' compensation surplus distribution, this sector reported a $36 million, or 18.8 per cent, improvement over the prior year. Investment earnings were $220 million higher than reported in the previous year as a result of exceptionally strong equity returns. These strong investment returns were almost entirely offset by a decline in underwriting profitability, as the estimated future cost of existing claims increased together with poor claim experience exceeded the growth in premium revenue.

Compared to budget, net income for insurance was $137 million, or 94.5 per cent, lower. This shortfall was mainly due to the $282 million workers' compensation surplus distribution made during the year. This was partially offset by higher-than-expected investment earnings resulting from significantly stronger-than-expected returns on equities.

Liquor and gaming contributed $503 million towards the Government's bottom line, representing a, $34 million, or 6.3 per cent, decline from 2015-16 and a $33 million, or 6.2 per cent, shortfall from budget. This was mainly due to lower liquor, VLT and slot machine revenue.

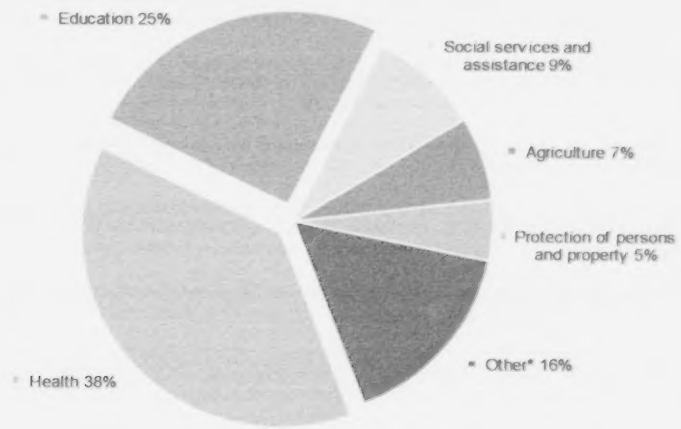
Details

Expense

Total expense was $14.84 billion in 2016-17, over half of which represents spending in the health and education sectors. The SFS report expense by theme and by object, or major type of expense such as salaries and benefits, transfers and operating costs.

Expense by Theme – 2016-17 ($14.84 billion)

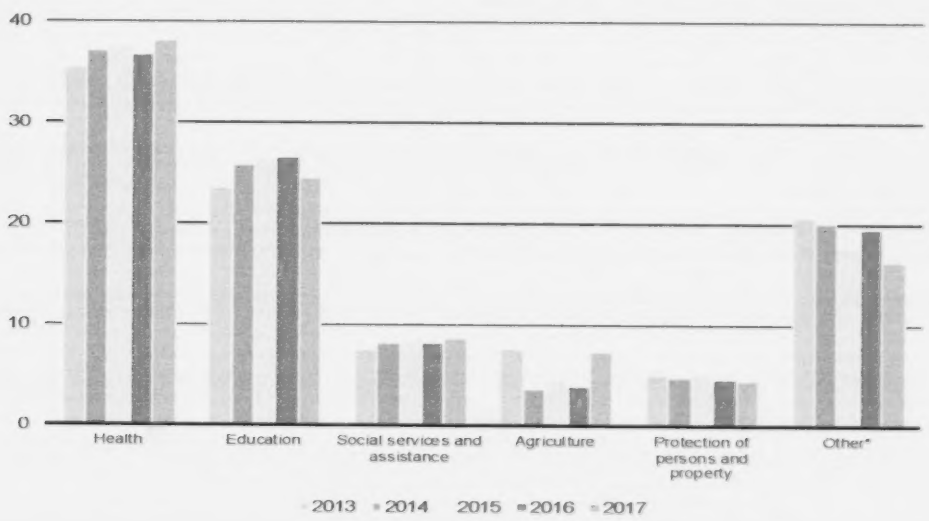
(per cent)



* Key components of "other" include transportation (4%), community development (4%), debt charges (4%), economic development (2%) and environment and natural resources (2%).

Expense by Theme – Percentage of Total Expense

(per cent)



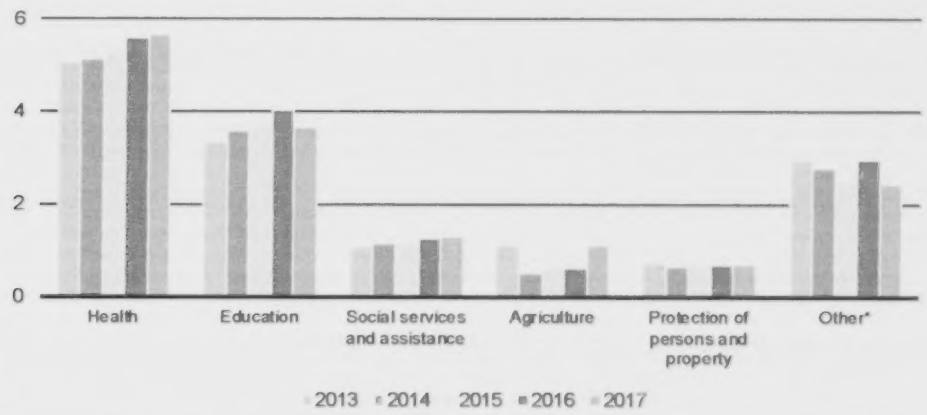
* In 2016-17, key components of "other" include transportation (4%), community development (4%), debt charges (4%), economic development (2%) and environment and natural resources (2%).

Details

Expense *(continued)*

Expense by Theme

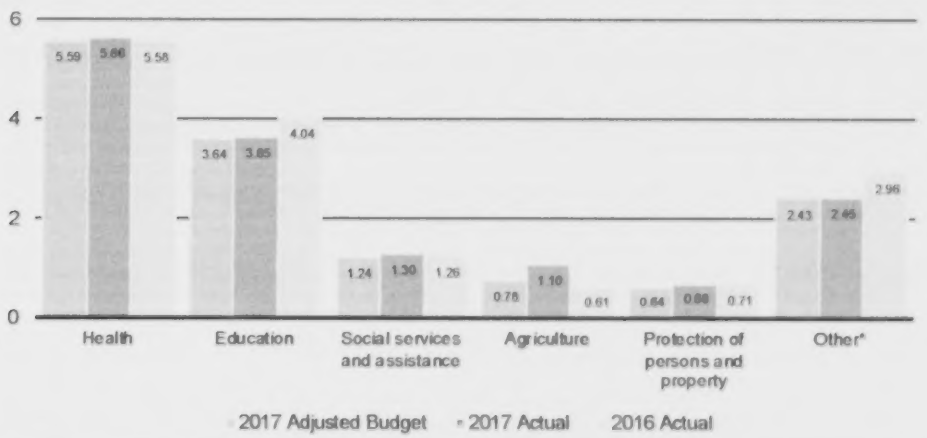
(billions of dollars)



* In 2016-17, key components of "other" include transportation ($577 million), community development ($560 million), debt charges ($544 million), economic development ($251 million) and environment and natural resources ($241 million).

Expense by Theme – Comparison to Budget and Prior Year

(billions of dollars)



* In 2016-17, key components of "other" reported in the Summary Statement of Operations include transportation ($577 million), community development ($560 million), debt charges ($544 million), economic development ($251 million) and environment and natural resources ($241 million).

Total expense was $14.84 billion in 2016-17. This represents a decrease of $309 million, or 2.0 per cent, from the prior year. This decrease can primarily be attributed to a $953 million decrease for pension related costs, mainly impacting the year-over-year comparisons in Education and Other. The pension expense fluctuates year to year as the value of the pension liability is updated for changes in interest rates and other actuarial assumptions (e.g., life expectancy, inflation). Before the adjustment for pension related costs, there were increases in all but the Protection of Persons and Property theme.

Details

Expense *(continued)*

The total expense reported in 2016-17 was $516 million, or 3.6 per cent, higher than the adjusted budget. Spending was higher-than-anticipated in every expense theme, with the largest increase over budget reported in Agriculture.

Health expense was $5.66 billion in 2016-17, an increase of $88 million, or 1.6 per cent, over 2015-16 and $75 million, or 1.3 per cent, over the adjusted budget. These increases were primarily due to volume-based pressures in the health regions. In addition, increased utilization of physician services and blood products contributed to both year-over-year and budget-to-actual increases. While the cost of the prescription drug plan was comparable to the prior year, its utilization was lower-than-budgeted partially offsetting other higher-than-budgeted expenses.

Education expense was $3.65 billion in the current year, representing a $384 million, or 9.5 per cent, decrease from the prior year and an $11 million, or 0.3 per cent, increase when compared to the adjusted budget. The decrease from prior year was mainly due to a reduction in pension costs for the Teachers' Superannuation Plan largely stemming from interest rate fluctuations. Also contributing to the year-over-year decrease was a reduction in labour market development programs and operating funding to universities. These savings were partially offset by an increase in capital transfers to universities resulting from the Post-Secondary Institutions Strategic Investment Fund (SIF) agreement with the federal government as well as enrolment pressures and collective bargaining agreement adjustments for teachers in the school divisions. The increase over the adjusted budget was primarily due to higher-than-budgeted capital funding to universities resulting from the SIF agreement with the federal government. This was almost entirely offset by: lower-than-expected spending in school divisions primarily as a result of vacancies; reductions in labour market development program costs; and savings in the cost of teachers' pensions.

Social services and assistance expense, at $1.30 billion, saw an increase of $44 million, or 3.5 per cent, over the prior year and $56 million, or 4.5 per cent, over budget. The year-over-year and budget-to-actual increases were primarily due to higher caseloads and cost-per-case in income assistance and disability services, particularly for the Transitional Employment Allowance and the Saskatchewan Assured Income for Disabilities program. Continued pressures experienced in child and family services added to these increases. Expenses for emergency social services were elevated in the prior year as a result of the evacuations caused by wildfires in 2015 resulting in a year-over-year reduction that partially offset the other spending pressures in this theme.

Agriculture expense was $1.10 billion in 2016-17, an increase of $488 million, or 79.6 per cent, over 2015-16 and $320 million, or 41.1 per cent, over budget. The increases over prior year and budget were primarily due to a rise in crop insurance indemnities. Where the 2016 crop year saw average yields, poor harvest conditions resulted in delays that led to below average crop quality and a significant number of un-harvested acres. In addition, wildlife damage claims increased as a result of the number of acres of crop that were not harvested before winter.

Protection of persons and property expense, at $681 million, was $26 million, or 3.7 per cent, less than the prior year but $41 million, or 6.4 per cent, higher than the budget. When compared to the prior year, there was a decrease in Provincial Disaster Assistance Program (PDAP) claims that were partially offset by an increase in custody services due to custody count pressures and an increase in RCMP transfers mainly related to wage increases and First Nations policing. The increase over budget was mainly due to unbudgeted costs for PDAP related to current and prior year claims and higher-than-budgeted custody counts in correctional facilities.

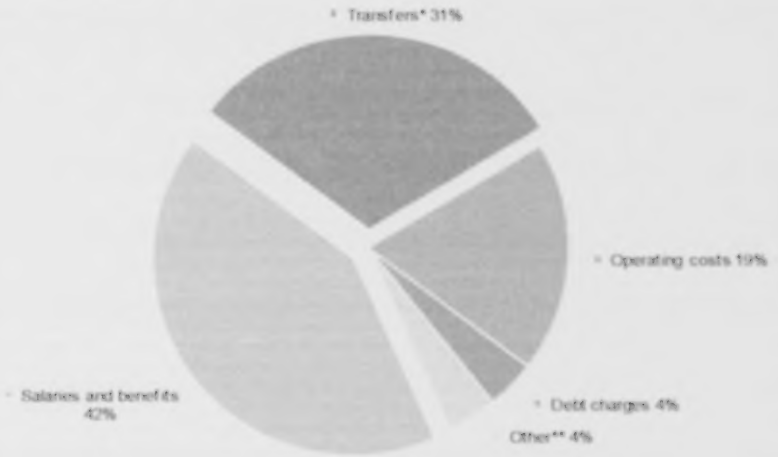
Other expense was $2.45 billion in 2016-17. This represents a $519 million, or 17.5 per cent, decrease from the prior year which was almost entirely due to lower pension costs for the Public Service Superannuation Plan (PSSP) largely stemming from interest rate fluctuations. Other notable year-over-year changes include: a reduction in spending related to Province's extreme wildfire season in 2015. When compared to the adjusted budget, other expense was higher by $13 million, or 0.5 per cent.

Details

Expense *(continued)*

Expense by Object – 2016-17 ($14.84 billion)

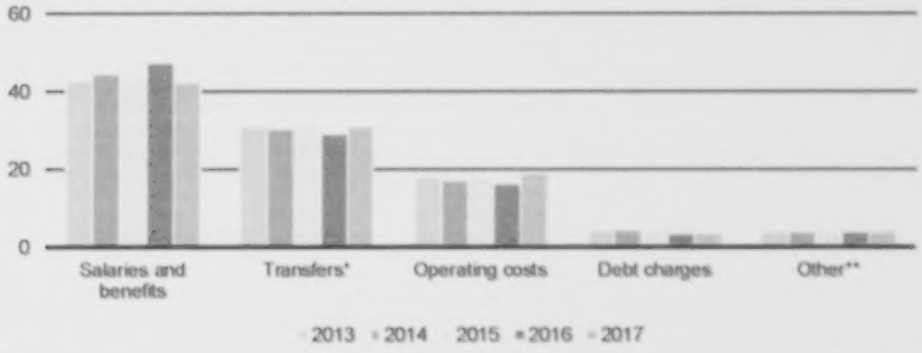
(per cent)



* Transfers are provided to third parties for salaries, capital and other costs.
** The key component of "other" is amortization of capital assets.

Expense by Object – Percentage of Total Expense

(per cent)



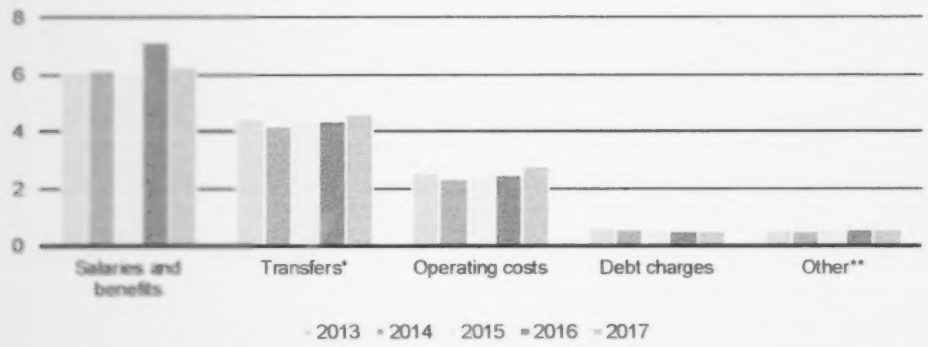
* Transfers are provided to third parties for salaries, capital and other costs.
** The key component of "other" is amortization of capital assets.

Details

Expense (continued)

Expense by Object

(billions of dollars)

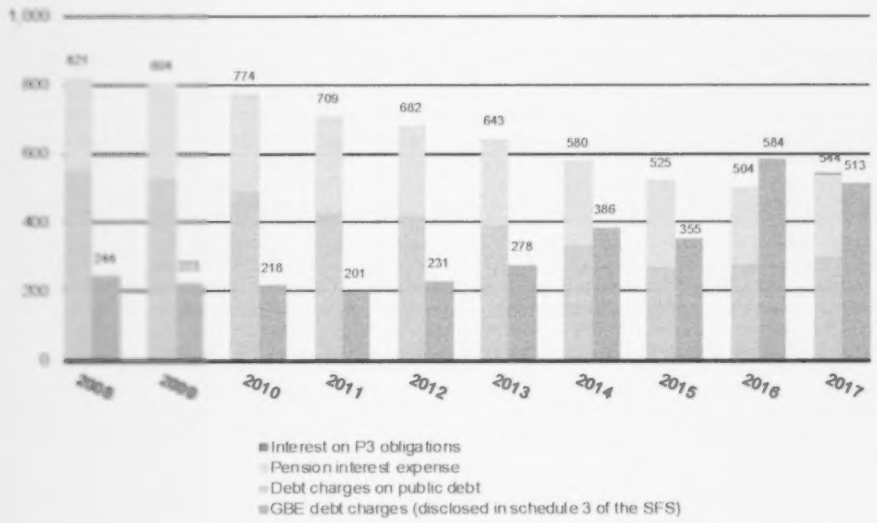


* Transfers are provided to third parties for salaries, capital and other costs.
** The key component of "other" is amortization of capital assets.

Most expense types showed little change over the prior year. The significant year-over-year decrease in salaries and benefits is mainly due to a $953 million decrease in pension expense.

Debt Charges

(millions of dollars)



The Summary Statement of Operations reports debt charges that the Government incurs related to its public debt, unfunded pension liability and obligations under long-term financing obligations (P3 obligations) and does not include government business enterprise (GBE) debt charges. GBE debt charges are included in the net income from GBEs reported on schedule 3 of the SFS. For public debt, debt charges are determined by the amount of general public debt and the interest rate attached to that debt. The average effective interest rate on gross debt during 2016-17 was 4.0 per cent (2015-16 - 4.3 per cent). Pension interest expense is a function of the unfunded pension liability and the interest

Details

Expense *(continued)*

rates that are based on the Government's borrowing rates. The average effective interest rate on the unfunded pension liability during 2016-17 was 3.0 per cent (2015-16 - 2.6 per cent). Interest on P3 obligations, ranging from 3.1 to 3.5 per cent, reflects the Government's cost of borrowing at the date the P3 contract is signed.

Debt charges reported in the SFS have declined from $821 million in 2007-08 to $544 million in 2016-17, due primarily to a significant reduction in interest rates during this period. Debt charges relate almost entirely to public debt and the pension liability, however $4 million was incurred in 2016-17 for P3 financing.

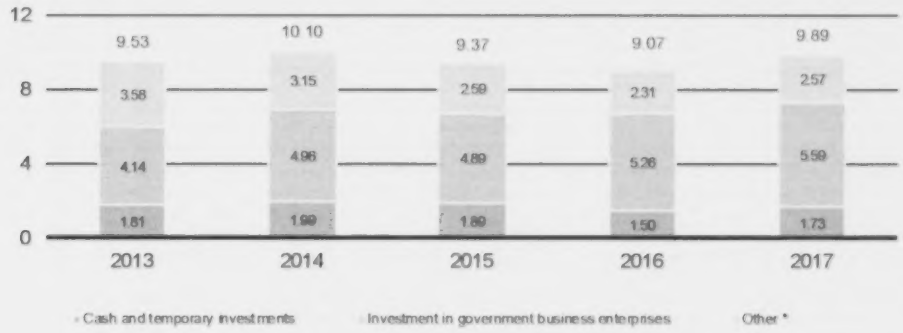
GBE debt charges have increased in recent years mainly due to an increase in debt financing for the replacement of aging infrastructure as well as for the building of new capacity to meet the demands of the Province's growing population. In 2015-16, the inclusion of an additional three months of operations of certain GBEs contributed approximately $120 million to GBE debt charges.

Financial Assets

Financial assets represent the amount of resources available to the Government that can be converted to cash to meet obligations or fund operations.

Financial Assets

(billions of dollars)



* In 2016-17, primarily accounts receivable ($1.72 billion), loans receivable ($432 million) and other investments ($350 million).

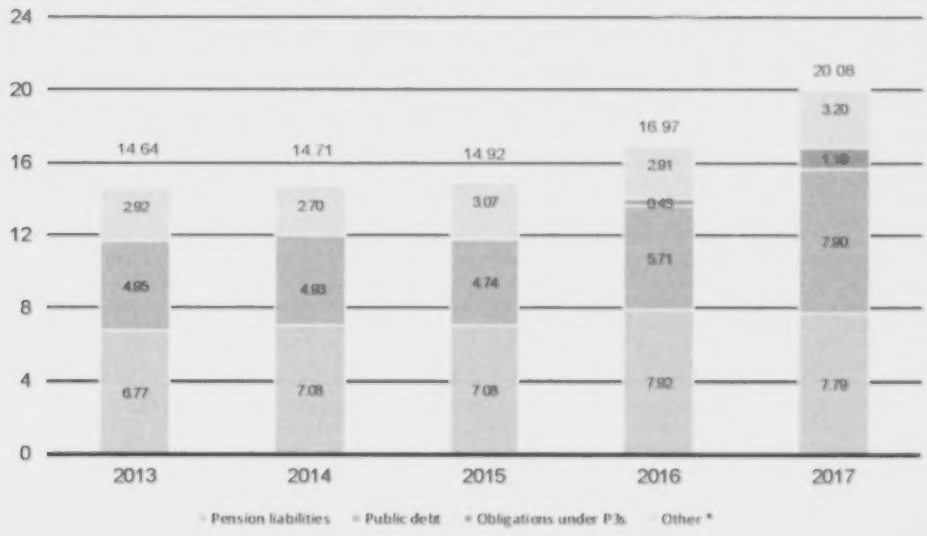
Details

Liabilities

Liabilities represent the obligations the Government has to others arising from past transactions or events.

Liabilities

(billions of dollars)



* In 2016-17, primarily accounts payable ($2.40 billion) and unearned revenue ($191 million).

From 2012-13 to 2016-17, liabilities increased by $5.44 billion. This was primarily a result of a $2.95 billion increase in public debt and a $1.02 billion increase in pension liabilities. In addition, at March 31, 2017, the Government has a liability of $1.19 billion relating to its assets acquired using P3s.

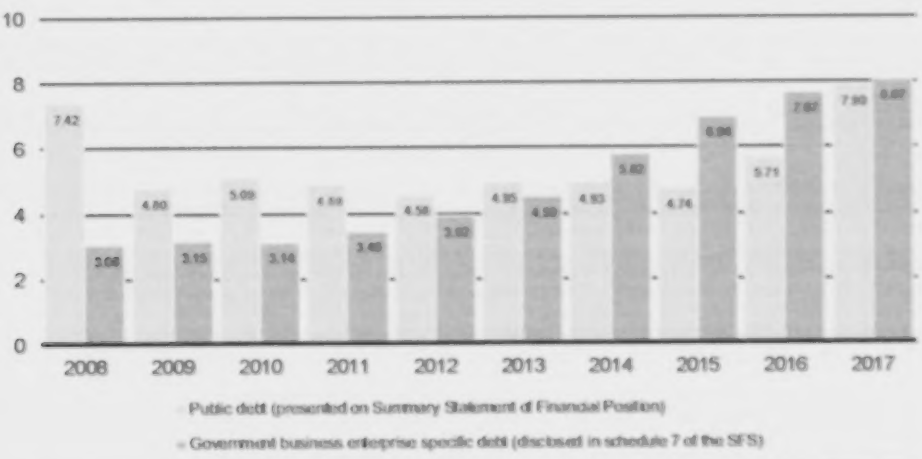
More detailed information on the significant liabilities can be found in the following pages.

Details

Liabilities *(continued)*

Public Debt

(billions of dollars)



Public debt consists of gross debt net of sinking funds and includes:

- general debt, which is:
  - debt issued by the General Revenue Fund (GRF) and other government service organizations (GSOs); and
  - debt issued by the GRF and subsequently loaned to government business enterprises (GBEs); and
- GBE specific debt, which is debt issued by GBEs or debt issued by the GRF specifically on behalf of GBEs where the Government expects to realize the receivables from the GBEs and settle the external debt simultaneously.

Public debt on the Summary Statement of Financial Position represents general debt and does not include GBE specific debt. GBE specific debt is included in the Investment in GBEs reported on the Summary Statement of Financial Position and disclosed in schedule 7 of the SFS.

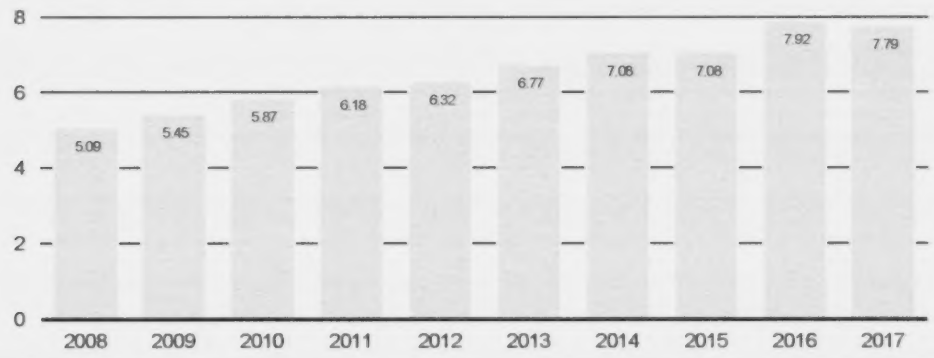
At March 31, 2017, the SFS report public debt (or general debt) of $7.90 billion as well as GBE specific debt of $8.07 billion. GBE specific debt has steadily increased over the past ten years while general debt, after several years at a constant level, has increased over the past two years. These increases have helped to finance the replacement of aging infrastructure as well as building new capacity to meet the demands of a growing population in the Province.

Details

Liabilities *(continued)*

Pension Liabilities

(billions of dollars)

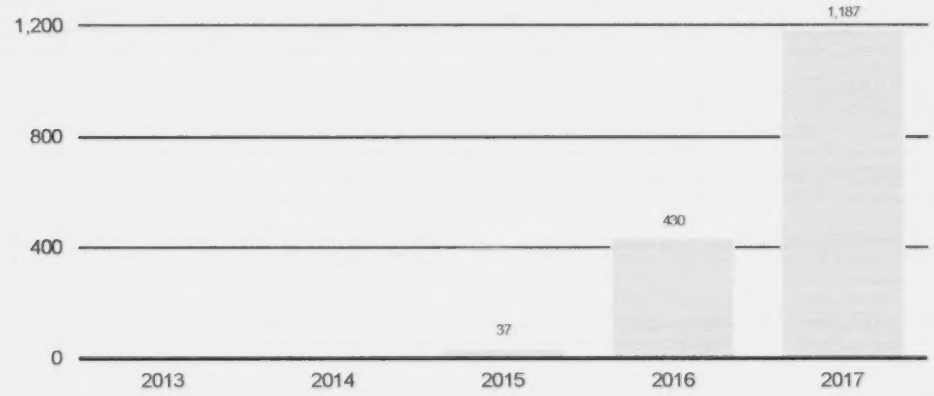


Pension liabilities represent the future obligations for the Government's defined benefit pension plans. The pension liability fluctuates with changes in actuarial assumptions such as interest rates and life expectancy. The Government limited its pension exposure over 30 years ago when it closed the main defined benefit plans to new members and introduced defined contribution plans. There is no liability exposure for the Government under defined contribution plans.

At March 31, 2017, the SFS report pension liabilities of $7.79 billion, an increase of $2.70 billion since 2007-08. This increase represents the amount by which pension costs, including interest on the pension liabilities and actuarial adjustments, exceed payments to the pension plans and retirees. It is primarily a result of a decline in interest rates over the same period of time, where small fluctuations in interest rates have a significant impact on the pension liability.

Obligations under Long-Term Financing Arrangements

(millions of dollars)



Obligations under long-term financing arrangements represent the Government's liability for public private partnerships (P3s). P3 obligations increase as the related assets are built (percentage of completion basis), and are reduced as payments are made to the P3 partner. Under the P3 contracts, the Government is obligated to pay the P3 partner over the duration of the contract, varying between 32 and 34 years in length.

Since 2014-15, the Government has entered into four P3 arrangements (as disclosed in schedule 9 of the SFS). At March 31, 2017, one of the P3 projects was complete and operational with construction on the remaining three in progress.

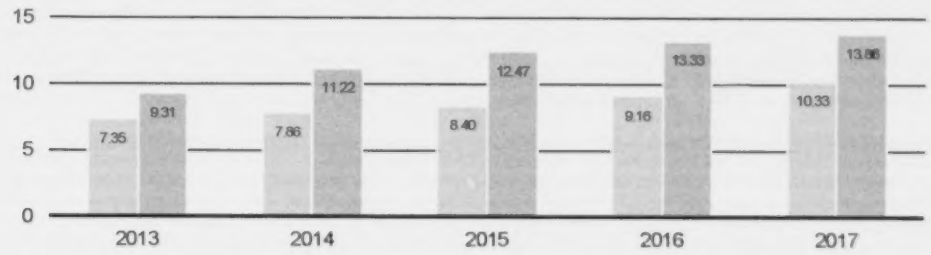
Details

Non-Financial Assets

Non-financial assets typically represent resources that the Government can use to provide services in the future. Non-financial assets primarily consist of capital assets but also include inventories held for consumption and prepaid expenses.

Net Book Value of Capital Assets

(billions of dollars)



- Government service organization capital assets (presented on Summary Statement of Financial Position)
- Government business enterprise capital assets (disclosed in schedule 3 of the SFS)

The Summary Statement of Financial Position reports a net book value of capital assets held by government service organizations (GSOs) of $10.33 billion and does not include the capital assets held by government business enterprises (GBEs). Capital assets held by GBEs total $13.86 billion at March 31, 2017 and are included in the investment in GBEs reported on the Summary Statement of Financial Position and disclosed in schedule 3 of the SFS. The net book value represents the original cost of capital assets net of accumulated amortization, disposals and write-downs in value.

The net book value of capital assets held by the Government has steadily increased over the last five years indicating that the Government has been acquiring new or replacing existing capital assets.

Acquisition of capital assets in 2016-17 was $3.09 billion, $1.33 billion acquired by GBEs and $1.76 billion by GSOs. The investment in capital assets made by GSOs was primarily in the transportation, education and health sectors mainly for infrastructure ($873 million) and land, buildings and improvements ($713 million) and included $952 million in assets acquired using public private partnerships. The GBEs continued to invest in aging infrastructure and capital projects to meet the demand for growth.

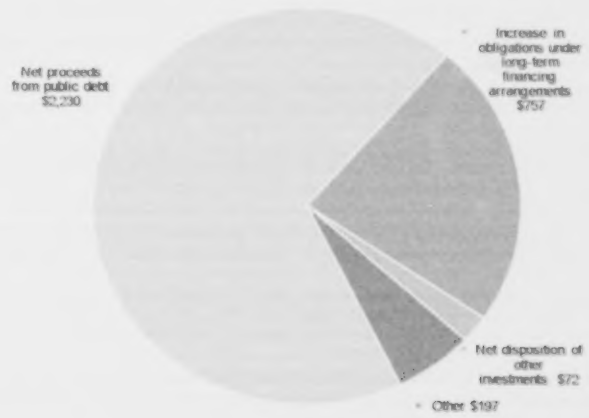
Details

Cash Flow

The Summary Statement of Cash Flow reports on the sources and uses of cash and temporary investments during the year. During the year, the Government's overall cash position increased by $227 million, from $1.50 billion in 2015-16 to $1.73 billion in 2016-17.

Sources of Cash

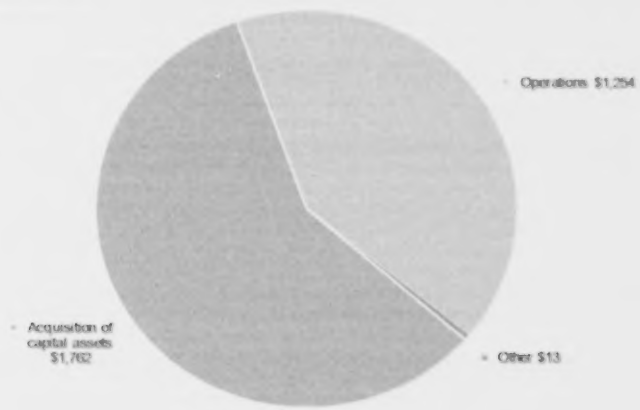
(millions of dollars)


Net proceeds from public debt $2,230
Increase in obligations under long-term financing arrangements $757
Net disposition of other investments $72
Other $197

The primary source of cash was net proceeds from public debt generating $2.23 billion. Another significant source of cash was for a $757 million increase in obligations under long-term financing arrangements.

Uses of Cash

(millions of dollars)



Cash was mainly used for the acquisition of capital assets, using $1.76 billion in cash. This represents the Government's continued commitment to invest in the Province's infrastructure as well as in education and health care facilities. In addition, cash in the amount of $1.25 billion was used for operations.

Risks and Uncertainties

The Government is subject to risks and uncertainties that arise from variables which the Government cannot directly control. These risks and uncertainties include:

- changes in economic factors such as economic growth or decline, commodity and non-renewable resource prices, inflation, interest rates, marketplace competition, population change, personal income and retail sales;
- exposure to interest rate risk, foreign exchange rate risk, credit risk and liquidity risk;
- changes in transfers from the federal government;
- utilization of government services, such as insurance, health care and social services;
- volatility in the pension liability due to external factors such as interest rates and actuarially determined assumptions of future events;
- other unforeseen developments including unusual weather patterns and natural and other disasters;
- criminal or malicious attacks, both cyber and physical in nature, potentially resulting in business interruption, privacy breach and loss of, or damage to, information, facilities and equipment;
- identification and quantification of environmental liabilities;
- factors that could hinder the safe delivery of products and services;
- outcomes from litigation, arbitration and negotiations with third parties;
- changes in reported results where actual experience may differ from initial estimates as discussed in note 2 of the SFS; and
- changes in accounting standards.

Recognizing that Saskatchewan is heavily reliant on the revenue from non-renewable resources and that the Province's financial results can be influenced by other external factors, the Government takes a prudent approach in developing its budget assumptions for macroeconomic variables and non-renewable resources prices. The Government uses a number of forecasts from national forecasting agencies and banks, private industry and private sector analysts when developing the underlying assumptions for fiscal forecasts both on budget day and throughout the fiscal year.

The fiscal impact of changes in the underlying economic assumptions, including non-renewable resources prices, are estimated on a regular basis to quantify the risk associated with each forecast assumption. By understanding the size of the risk inherent in the fiscal projections, the Government is better able to make sound financial decisions.

Finally, for the Government to meet its challenges of growth and remain competitive where it operates in a competitive environment, attention is directed towards maintaining and investing in the Province's infrastructure to support the steady growth the Province has been experiencing and to allow for continued growth in the future.

Risk management specific to public debt is discussed in note 4 of the SFS.

Summary Financial Statements

Responsibility for the Summary Financial Statements

The Government is responsible for the Summary Financial Statements. The Government maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

The Provincial Comptroller prepares these statements in accordance with generally accepted accounting principles for the public sector, using the Government's best estimates and judgement when appropriate. He uses information from the accounts of the General Revenue Fund, Crown corporations and other government organizations to prepare these statements.

The Provincial Auditor expresses an independent opinion on these statements. Her report, which appears on the following page, provides the scope of her audit and states her opinion.

Treasury Board approves the Summary Financial Statements. The statements are tabled in the Legislative Assembly as part of the Public Accounts and referred to the Standing Committee on Public Accounts for review.

On behalf of the Government of the Province of Saskatchewan.

KEVIN DOHERTY
Minister of Finance

CLARE ISMAN
Deputy Minister of Finance

TERRY PATON
Provincial Comptroller

Regina, Saskatchewan
June 2017

Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Government of Saskatchewan, which comprise the Summary Statement of Financial Position as at March 31, 2017, and the Summary Statements of Operations, Accumulated Surplus, Change in Net Debt, and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

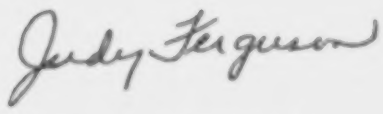
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government of Saskatchewan as at March 31, 2017, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



JUDY FERGUSON, FCPA, FCA
Provincial Auditor

Regina, Saskatchewan
June 15, 2017

Summary Statement of Financial Position

As at March 31, 2017

(thousands of dollars)

	2017	2016
Financial Assets		
Cash and temporary investments (*note 3*)	1,728,675	1,501,748
Accounts receivable (*schedule 1*)	1,723,782	1,377,196
Loans receivable (*schedule 2*)	432,110	495,727
Investment in government business enterprises (*schedule 3*)	5,588,176	5,258,065
Other investments (*schedule 4*)	350,031	407,957
Other financial assets	65,968	25,481
Total Financial Assets	9,888,742	9,066,174
Liabilities		
Accounts payable and accrued liabilities (*schedule 5*)	2,397,397	2,099,800
Unearned revenue (*schedule 6*)	191,306	201,223
Public debt (*note 4*)(*schedule 7*)	7,904,984	5,707,626
Unamortized foreign exchange gain	5,232	6,409
Obligations under long-term financing arrangements (*schedule 9*)	1,186,868	429,825
Pension liabilities (*note 5*)(*schedule 10*)	7,786,130	7,922,077
Other liabilities (*schedule 11*)	608,766	598,533
Total Liabilities	20,080,683	16,965,493
Net Debt	(10,191,941)	(7,899,319)
Non-Financial Assets		
Prepaid expenses	52,472	51,704
Inventories held for consumption	180,136	185,792
Tangible capital assets (*schedule 12*)	10,331,245	9,156,493
Total Non-Financial Assets	10,563,853	9,393,989
Accumulated Surplus	371,912	1,494,670

Contingencies (*note 7*)

Contractual obligations (*note 8*)

The accompanying notes and schedules are an integral part of these financial statements.

Summary Statement of Operations

For the Year Ended March 31, 2017

(thousands of dollars)

	2017		2016
	Adjusted Budget[1]	Actual	Actual[2]
Revenue			
Taxation	6,860,900	6,351,253	6,605,304
Non-renewable resources	1,484,900	1,299,979	1,761,265
Other own-source revenue	2,088,900	2,174,184	2,003,025
Transfers from the federal government[3]	2,504,800	2,954,834	2,155,489
Net income from government business enterprises (*schedule 3*)	1,084,400	845,899	1,108,612
Total Revenue (*schedule 13*)	14,023,900	13,626,149	13,633,695
Expense			
Health	5,588,100	5,663,095	5,575,163
Education	3,642,500	3,653,851	4,037,688
Social services and assistance	1,243,900	1,300,310	1,255,970
Agriculture	780,300	1,100,624	612,752
Protection of persons and property	640,300	680,968	707,324
Transportation	565,200	576,938	538,543
Community development	580,600	560,208	523,143
Debt charges (*schedule 15*)	534,900	543,581	503,571
Economic development	250,200	251,419	264,238
Environment and natural resources	237,000	240,531	302,739
Other	265,000	272,747	832,072
Total Expense (*schedule 14*)	14,328,000	14,844,272	15,153,203
Deficit	(304,100)	(1,218,123)	(1,519,508)

[1] Budget figures have been adjusted to the same basis as the 2017 actual results to include a $130.1 million decrease in the budgeted deficit to account for pension costs on the accrual basis (*note 9*).

[2] Includes 15 months of operations for certain government organizations, the year-end of which changed from December 31 to March 31 during 2015-16 (*note10*).

[3] 2017 actual includes $378.7 million received in a restructuring transaction (*note 11*).

The accompanying notes and schedules are an integral part of these financial statements.

Summary Statement of Accumulated Surplus

For the Year Ended March 31, 2017

(thousands of dollars)

	2017		2016
	Adjusted Budget[1]	Actual	Actual[2]
Accumulated surplus, beginning of year	1,494,670	1,494,670	3,074,362
Deficit	(304,100)	(1,218,123)	(1,519,508)
Other comprehensive income (loss) (*schedule 3*)	-	95,365	(60,184)
Accumulated Surplus, End of Year	1,190,570	371,912	1,494,670

[1] Budget figures have been adjusted to the same basis as the 2017 actual results (*note 9*).

[2] Includes 15 months of operations for certain government organizations (*note10*).

Summary Statement of Change in Net Debt

For the Year Ended March 31, 2017

(thousands of dollars)

	2017		2016
	Adjusted Budget[1]	Actual	Actual[2]
Deficit	(304,100)	(1,218,123)	(1,519,508)
Tangible Capital Assets			
Acquisitions (*schedule 12*)	(1,789,000)	(1,761,743)	(1,332,812)
Amortization (*schedule 12*)	609,400	543,576	542,100
Proceeds on disposal	-	115,514	31,036
Write-downs (*schedule 12*)	-	15,171	20,388
Transfers (*schedule 12*)	-	(5,336)	-
Net gain on disposal	-	(81,934)	(20,050)
Net Acquisition of Tangible Capital Assets	(1,179,600)	(1,174,752)	(759,338)
Other Non-Financial Assets			
Net (acquisition) use of prepaid expenses	-	(768)	697
Net use (acquisition) of inventories held for consumption	-	5,656	(9,112)
Net Use (Acquisition) of Other Non-Financial Assets	-	4,888	(8,415)
Change in net debt from operations	(1,483,700)	(2,387,987)	(2,287,261)
Other comprehensive income (loss) (*schedule 3*)	-	95,365	(60,184)
Increase in net debt	(1,483,700)	(2,292,622)	(2,347,445)
Net debt, beginning of year	(7,899,319)	(7,899,319)	(5,551,874)
Net Debt, End of Year	(9,383,019)	(10,191,941)	(7,899,319)

[1] Budget figures have been adjusted to the same basis as the 2017 actual results (*note 9*).

[2] Includes 15 months of operations for certain government organizations (*note10*).

The accompanying notes and schedules are an integral part of these financial statements.

Summary Statement of Cash Flow

For the Year Ended March 31, 2017

(thousands of dollars)

	2017	2016[1]
Operating Activities		
Deficit	(1,218,123)	(1,519,508)
Non-cash items included in the deficit		
Net income from government business enterprises (*schedule 3*)	(845,899)	(1,108,612)
Other non-cash items included in the deficit (*schedule 17*)	414,601	535,551
Net change in non-cash operating activities (*schedule 17*)	(215,659)	688,745
Dividends received from government business enterprises (*schedule 3*)	611,153	684,115
Cash Used for Operating Activities	(1,253,927)	(719,709)
Capital Activities		
Acquisition of tangible capital assets (*schedule 12*)	(1,761,743)	(1,332,812)
Proceeds on disposal of tangible capital assets	115,514	31,036
Cash Used for Capital Activities	(1,646,229)	(1,301,776)
Investing Activities		
Net decrease in loans receivable	60,317	46,425
Acquisition of other investments	(47,240)	(183,233)
Disposition of other investments	119,361	362,348
Sinking fund contributions for general debt (*schedule 8*)	(55,679)	(42,376)
Sinking fund redemptions for general debt (*schedule 8*)	42,553	55,441
Cash Provided by Investing Activities	119,312	238,605
Financing Activities		
Proceeds from public debt	2,637,827	1,465,434
Repayment of public debt	(408,156)	(487,725)
Increase in obligations under long-term financing arrangements *(schedule 9)*	757,043	392,517
Increase in other liabilities[2]	21,057	24,727
Cash Provided by Financing Activities	3,007,771	1,394,953
Increase (decrease) in cash and temporary investments	226,927	(387,927)
Cash and temporary investments, beginning of year	1,501,748	1,889,675
Cash and Temporary Investments, End of Year	1,728,675	1,501,748

[1] Includes 15 months of operations for certain government organizations (*note10*).

[2] Excludes the change in contaminated sites liabilities which is classified as an operating activity.

The accompanying notes and schedules are an integral part of these financial statements.

Notes to the Summary Financial Statements

As at March 31, 2017

1. Significant Accounting Policies

Basis of accounting

These Summary financial statements are prepared in accordance with Canadian public sector accounting standards issued by the Public Sector Accounting Board.

Government reporting entity

The government reporting entity consists of government service organizations, government business enterprises and government partnerships.

Government service organizations and government business enterprises are organizations controlled by the Government. Controlled organizations that are self-sufficient and have the financial and operating authority to sell goods and services to individuals and other organizations outside the government reporting entity as their principal activity are classified as government business enterprises. All other controlled organizations are government service organizations.

A government partnership exists when the Government has entered into a contractual arrangement with one or more partners outside the government reporting entity where these partners share, on an equitable basis, the significant risks and benefits associated with operating the partnership.

A listing of the organizations included in the government reporting entity is provided in schedule 18. Unless otherwise noted, the financial activities of all subsidiaries of these organizations have also been included.

Trust funds

Trust funds are administered but not controlled by the Government and are therefore excluded from the government reporting entity and disclosed in note 6.

Method of consolidation

Government service organizations are consolidated after adjustment to a basis consistent with the accounting policies described in this note. Significant inter-organizational balances and transactions are eliminated. Government service organizations in which a non-controlling interest exists are proportionately consolidated.

Government business enterprises are accounted for by the modified equity method. Using this method, the Government's investment in government business enterprises, which is initially recorded at cost, is adjusted annually to include the Government's proportionate share of net earnings or losses and certain other net equity changes of government business enterprises without adjustment to conform with the accounting policies described in this note. With the exception of dividends declared by March 31 and significant unrealized inter-organizational gains and losses, inter-organizational balances and transactions are not eliminated.

Government partnerships are proportionately consolidated (ownership share disclosed in schedule 18) after adjustment to a basis consistent with the accounting policies described in this note. Significant inter-organizational balances and transactions are eliminated.

Financial results of government organizations with fiscal year ends other than March 31 are adjusted for transactions occurring before March 31 that have a significant impact on these financial statements.

In 2015-16, as disclosed in note10, the fiscal year end of certain government organizations was changed from December 31 to March 31 to align with the Government's fiscal year. Accordingly, these financial statements include 12 months of operations for these organizations in the current year and 15 months of operations in the prior year.

Specific accounting policies

Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Temporary investments are recorded at the lower of cost or market.

Loans receivable are initially recorded at cost. Where there has been a loss in value that is other than a temporary decline, the loan is written down to recognize the loss. Interest is recognized on the accrual basis; when collection is uncertain, it is recorded on the cash basis.

Notes to the Summary Financial Statements

1. Significant Accounting Policies *(continued)*

Other investments are recorded at cost, with the exception of pooled investment funds, which are recorded at market value. Investments recorded at cost are written down to market value when there is evidence of a permanent decline in value.

Other financial assets include inventories and other assets held for sale and deferred charges. Inventories and other assets held for sale are valued at the lower of cost and net realizable value. Deferred charges include issue costs and net discounts or premiums incurred on the issue of debt and related derivative instruments which are recorded at cost and amortized on a straight-line basis over the remaining life of the debt issue.

Liabilities

Liabilities are present obligations resulting from transactions and events occurring prior to year end, which will be satisfied in the future through the transfer or use of assets or another form of economic settlement. Contingencies, including loss provisions on guaranteed debt, are recorded when it is likely that a liability exists and the amount can be reasonably estimated.

Accounts payable and accrued liabilities primarily include obligations to pay for goods and services acquired prior to year end and to provide authorized transfers where eligibility criteria are met. Included in accrued salaries and benefits are other employee future benefits which are recognized in the period the employees provide service.

Public debt is recorded at par, and is comprised of:

- *general debt*, which is presented on the Statement of Financial Position, is debt issued by government service organizations and includes issued amounts subsequently transferred to government business enterprises; and
- *government business enterprise specific debt*, which is disclosed separately on schedule 7, is debt issued by, or specifically on behalf of, government business enterprises.

Debenture issues that require contributions to a sinking fund are recorded at principal less sinking fund balances. Premiums and discounts on long-term investments within these sinking funds are amortized on a constant yield basis.

Debt issues and sinking fund investments held in foreign currencies are converted to the Canadian dollar equivalent at the exchange rate in effect at March 31.

Premiums, discounts and issue costs are recorded as deferred charges.

Unamortized foreign exchange gain represents the net unrealized gain or loss resulting from the conversion of general debt due and sinking funds held in a foreign currency to the Canadian dollar equivalent at the exchange rate in effect at March 31. These unrealized gains and losses are amortized on a straight-line basis over the remaining life of the debt issue. Realized foreign exchange gains and losses are included in the surplus or deficit.

Obligations under long-term financing arrangements represent the Government's liability for public private partnerships (P3s). These liabilities are recorded on the percentage-of-completion basis over the period of construction of the P3 asset and reduced by progress and capital payments made to the P3 partner. The percentage of completion is applied to the nominal value of progress payments and the present value of future capital payments, discounted to the date the asset is available for use, using the Government's borrowing rate for long-term debt at the time the agreement is signed.

Pension liabilities are calculated using the projected benefit method prorated on services, except as otherwise disclosed in note 5. Pension fund assets are valued at market-related values. Changes in the pension liabilities that result from estimation adjustments due to experience gains and losses and changes in actuarial assumptions are amortized on a straight-line basis over the expected average remaining service life of the related employee group. Amortization commences in the year following the determination of the adjustment. Gains or losses resulting from plan amendments are recognized in the period of the plan amendment.

Other liabilities include obligations for contaminated sites recorded using the Government's best estimate of the amount required to remediate sites for which the Government is either directly responsible or has accepted responsibility. The contaminated sites liability represents the cost of activities to bring the site to the current minimum environmental standard based on the nature of its use prior to contamination. These liabilities are reported net of any expected recoveries.

Non-financial assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead are normally employed to deliver government services, may be consumed and are not for sale in the normal course of operations.

Notes to the Summary Financial Statements

1. Significant Accounting Policies *(continued)*

Inventories held for consumption are recorded at cost and are expensed as they are consumed.

Tangible capital assets are recorded at cost and include all amounts directly attributable to the acquisition, construction, development or betterment of the asset. During construction, these assets are recorded based on their percentage of completion and are disclosed as work in progress. Amortization is generally on a straight-line basis over the estimated useful life and commences when the asset is in service.

Tangible capital assets procured through P3s are valued at the total of the nominal value of progress payments made during or on completion of construction and the present value of the future capital payments, discounted to the date the asset is available for use, using the Government's borrowing rate for long-term debt at the time the agreement is signed.

Revenue

Taxation revenue is recognized when the tax has been authorized by the legislature and the taxable event occurs. The taxable event differs for each type of tax; for example, taxation revenue is recognized when taxpayers earn income, purchase products and services, or are in possession of real property. Tax concessions are recorded as a reduction in taxation revenue.

For individual and corporation income taxes, cash received from the federal government, adjusted for assessment data from the federal government when it provides a more reliable estimate, is used as the basis for recording the tax revenue.

Non-renewable resources revenue is recognized based on the production, sales or profits generated from the specific non-renewable resource. Recognition of oil revenue is based primarily on production; resource surcharge revenue is based on sales of the non-renewable resource; and potash revenue is based primarily on potash profits generated.

Transfers from the federal government are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

Expense

Expenses, recorded on the accrual basis, represent the Government's cost to deliver public services. Transfers are recognized as expenses in the period the transfer is authorized and eligibility criteria are met.

New accounting standards not yet in effect

A number of new Canadian public sector accounting standards and amendments to standards have not been applied in preparing these financial statements. The following standards will become effective as follows:

PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions.

PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets.

PS 3320 Contingent Assets (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contingent assets.

PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contractual rights.

PS 3450 Financial Instruments (effective April 1, 2019), a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

PS 2601 Foreign Currency Translation (effective April 1, 2019), replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency.

PS 1201 Financial Statement Presentation (effective in the period PS 3450 and PS 2601 are adopted), replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements.

PS 3041 Portfolio Investments (effective in the period PS 3450, PS 2601 and PS 1201 are adopted), replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of, portfolio investments.

The Government plans to adopt these new and amended standards on the effective date and is currently analyzing the impact this will have on these financial statements.

Notes to the Summary Financial Statements

2. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized or disclosed in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Measurement uncertainty, disclosed in aggregate for government service organizations and government business enterprises, that may be material to these financial statements exists:

- in pension obligations of $8,121.4 million (2016 - $8,335.1 million), insurance claim obligations of $3,566.8 million (2016 - $3,283.3 million), environmental obligations including the remediation of contaminated sites of $634.4 million (2016 - $631.1 million) and agricultural income stability program obligations of $157.0 million (2016 - $70.5 million) because actual experience may differ significantly from actuarial or historical estimations and assumptions;
- in individual and corporation income taxation revenue of $3,327.2 million (2016 - $3,539.9 million) because final tax assessments may differ from initial estimates;
- in oil non-renewable resources revenue of $563.5 million (2016 - $555.2 million - restated) because of price and production sensitivities in the royalty revenue structures;
- in potash non-renewable resources revenue of $241.0 million (2016 - $552.1 million) because actual operating profits may differ from initial estimates;
- in resource surcharge non-renewable resources revenue of $303.5 million (2016 - $400.6 million) because the final valuation of resource sales may differ from initial estimates on which installments are based;
- in the Canada Health Transfer and Canada Social Transfer revenue of $1,561.5 million (2016 - $1,489.4 million) because of changes in economic and demographic conditions in the Province and the country;
- in certain investments of $773.4 million (2016 - $618.5 million - restated) because these investments have no active market;
- in the Provincial Disaster Assistance Program receivable of $238.8 million (2016 - $185.7 million) because actual settlement payments may differ from initial estimates; and
- in unbilled utility revenue receivable of $93.9 million (2016 - $93.7 million) because actual usage may differ from estimated usage.

While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require a material change in the amounts recognized or disclosed.

3. Cash and Temporary Investments

Temporary investments are $748.6 million (2016 - $583.8 million) and mature in less than one year. Due to the short-term nature of these investments, market value approximates cost. Cash and temporary investments includes $92.6 million (2016 - $126.0 million) restricted as a result of agreements with external parties.

Notes to the Summary Financial Statements

4. Risk Management of Public Debt

The Government borrows funds in both domestic and foreign capital markets by issuing Government of Saskatchewan securities. As a result, the Government is exposed to four types of risk: interest rate risk, foreign exchange rate risk, credit risk and liquidity risk.

To manage these risks, the Government maintains a preference for fixed rate Canadian dollar denominated debt. Where market conditions dictate that other forms of debt are more attractive, the Government seeks opportunities to use derivative financial instruments to reduce these risks. A derivative financial instrument is a contract, the value of which is based on the performance of an underlying financial asset, index or other investment.

Interest rate risk is the risk that the Government's debt charges will increase due to changes in interest rates. This risk is managed by issuing debt securities at predominantly fixed rates of interest. In addition, bond forward contracts may be used to reduce the impact of interest rate increases during the period preceding a borrowing transaction.

Floating-rate debt is defined as the sum of floating-rate debentures, short-term promissory notes and fixed-rate debt maturing within one year. The Government seeks opportunities to effectively convert floating-rate debt into fixed-rate debt through the use of interest rate swaps. The Government has interest rate swaps on a notional value of debt of $88.5 million (2016 - $79.4 million). At March 31, 2017, 84.7 per cent (2016 - 82.7 per cent) of the Government's gross debt effectively carried a rate of interest that was fixed for greater than a one-year period.

Public debt includes floating-rate debt of $2,731.8 million (2016 - $2,604.4 million). A one percentage point increase in interest rates would have increased the deficit by $27.3 million.

Interest rate risk is also managed through use of bond forward contracts. At March 31, 2017, there are obligations to sell $72.0 million (2016 - $114.0 million) of 3.5 per cent December 1, 2045 Government of Canada debentures for $99.7 million (2016 - $147.0 million) by September 18, 2017.

Foreign exchange rate risk is the risk that the Government's debt charges will increase due to a decline in the value of the Canadian dollar relative to other currencies. This risk is managed by maintaining a preference for issuing debt that is denominated in Canadian dollars. Where debt has been issued in foreign currencies, the Government seeks opportunities to effectively convert it into Canadian dollar debt through the use of cross currency swaps. At March 31, 2017, 98.4 per cent (2016 - 98.0 per cent) of the Government's gross debt is effectively denominated in Canadian dollars. A five percentage point fluctuation in the Canadian dollar in relation to the U.S. dollar at the March 31, 2017 level would not have a significant effect on debt and debt servicing costs.

The following foreign denominated items have been hedged to Canadian dollars using cross currency swaps:

- debentures of 575.0 million U.S. dollars (2016 - 575.0 million) fully hedged to $725.3 million Canadian (2016 - $725.3 million); and
- interest payments on debentures of 225.0 million U.S. dollars (2016 - 225.0 million) hedged to Canadian dollars at an exchange rate of 1.2172 (2016 - 1.2172).

In total, the Government has cross currency swaps on a notional value of debt of $999.2 million (2016 - $999.2 million). The effectiveness of these hedges is assessed on an ongoing basis by monitoring the credit ratings of the counterparties to the hedges.

Credit risk is the risk that a loss may occur from the failure of another party to meet its obligations. For derivative financial instrument contracts this risk is managed by dealing only with counterparties that have good credit ratings and by establishing limits on individual counterparty exposures and monitoring those exposures on a regular basis. At March 31, 2017, 94.0 per cent (2016 - 94.1 per cent) of the notional value of the Government's derivative financial instrument contracts is held by counterparties with a Standard and Poor's credit rating of A or better. The remaining counterparties held a Standard and Poor's credit rating of BBB+ or better.

Liquidity risk is the risk that the Government will not be able to meet its financial commitments over the short term. This risk is managed by distributing debt maturities over many years, maintaining sinking funds on long-term debt issues and maintaining adequate cash reserves and short-term borrowing programs as contingent sources of liquidity.

Notes to the Summary Financial Statements

5. Retirement Benefits

The Government sponsors several defined benefit pension plans and a defined contribution pension plan. The Government also participates in a joint defined benefit pension plan.

Defined benefit plans provide benefits based on length of service and pensionable earnings. A typical defined benefit plan provides pensions equal to 2.0 per cent of a member's average five years highest salary, multiplied by the years of service to a maximum of 35 years. Members contribute a percentage of salary, which may vary based on age, to their plan. Pensions and contribution rates are integrated with the Canada Pension Plan.

Actuarial valuations are performed at least triennially. When a valuation is not done in the current fiscal year an actuary extrapolates the most recent valuation. Valuations and extrapolations are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. These assumptions reflect estimates of expected long-term rates and short-term forecasts. Estimates vary based on the individual plan.

The accrued benefit obligation is determined using the projected benefit method prorated on services. Pension fund assets are valued at market related values based on the actual market values averaged over a four-year period. In the periods between valuations, the actuary estimates the market-related value of pension fund assets using expected long-term rates of return for the individual plans.

Joint defined benefit plans are governed by a formal agreement between the joint sponsors (i.e., employer and plan members), which establishes that the joint sponsors have shared control over the plan. Funding contributions are shared mutually between the employer and plan members. The sponsors share, on an equitable basis, the significant risks of each plan. Accordingly, the Government accounts for only its portion of the plan. Plan assets and surpluses are restricted for member benefits or certain other purposes set out in the agreement. Plan benefits are determined on the same basis as defined benefit plans.

The accrued benefit obligation is determined using the projected accrued benefit actuarial cost method. Pension fund assets are valued at market-related values by averaging the difference between the net investment income on a market-value basis and the expected investment income, based on expected rate of return on plan assets, over a five-year period.

Defined contribution plans provide pensions based on accumulated contributions and investment earnings. Employees contribute a percentage of salary. The Government provides contributions at specified rates for employee current service.

Pension fund assets of government sponsored defined benefit and defined contribution plans are invested in fixed income securities, equities, real estate, pooled investment funds and short-term monetary items. The investment in Government of Saskatchewan securities is insignificant for all plans.

Government service organizations

Defined benefit plans and joint defined benefit plan

The two main defined benefit plans are the Teachers' Superannuation Plan (TSP) and the Public Service Superannuation Plan (PSSP). Other plans include Judges of the Provincial Court Superannuation Plan (Judges), Saskatchewan Transportation Company Employees Superannuation Plan, Anti-TB League Employees Superannuation Plan, and the Pension Plan for the Non-Teaching Employees of the Saskatoon School Division No.13 (PPNTE). Defined benefits are also payable to members of the former Members of the Legislative Assembly Superannuation Fund (MLA).

The Government is required to match member current service contributions for all plans except the PSSP, Judges and PPNTE. Funding contributions are required for the PPNTE. Separate pension funds are maintained for all plans except the PSSP and the MLA, for which member contributions are received and pension obligations are paid directly by the Government.

The Government also participates in the Saskatchewan Healthcare Employees' Pension Plan (SHEPP), a joint defined benefit plan for employees of the Regional Health Authorities. The Government contributes to the plan at the ratio of 1.12 to 1 of employee contributions. Any actuarially determined deficiency is the responsibility of participating employers and employees in the ratio of 1.12 to 1. The Government's participating employer contributions for the SHEPP represents approximately 90 per cent of the total employer contributions to the plan.

Notes to the Summary Financial Statements

5. Retirement Benefits *(continued)*

Information on the defined benefit plans and the joint defined benefit plan of government service organizations is as follows:

	TSP	PSSP	Others	SHEPP	2017 Total	2016 Total
Plan status	closed	closed	closed [1]	open	n/a	n/a
Member contribution rate *(percentage of salary)*	7.85	7.00-9.00 [2]	5.00-9.00 [2]	8.10-10.70	n/a	n/a
Number of active members	304	75	987	36,864	38,230	38,148
Average age of active members *(years)*	61.6	61.8	47.9	44.4	44.6	44.9
Number of former members entitled to deferred pension benefits	5,429	8	194	1,905	7,536	5,914
Number of superannuates and surviving spouses	11,392	5,161	540	16,552	33,645	32,843
Actuarial valuation date	June 30/15	Dec. 31/14	Various	Dec. 31/15	n/a	n/a
Long-term assumptions used						
Rate of compensation increase *(percentage)*	3.50	3.25	3.25-3.50	3.00	n/a	n/a
Expected rate of return on plan assets *(percentage)*	3.65	n/a	5.10-6.85	6.20	n/a	n/a
Discount rate *(percentage)*	3.10	3.00	2.60-6.85	6.20	n/a	n/a
Inflation rate *(percentage)*	2.50	2.25	2.25-2.50	2.25	n/a	n/a
Expected average remaining service life *(years)*	2.30	0.03	6.60-12.00	11.80	n/a	n/a
Post-retirement index *(percentage of annual increase in Consumer Price Index)*	80	70	0-75	Ad hoc	n/a	n/a

[1] Judges and PPNTE are open to new membership; all other plans are closed.
[2] Contribution rate varies based on age upon joining the plan.

Defined contribution plans

The Government sponsors the Public Employees Pension Plan (PEPP). The Government provides contributions to the plan at specified rates for employee current service. The Government also contributes to the Saskatchewan Teachers' Retirement Plan (STRP) which is sponsored by the Saskatchewan Teachers' Federation, as well as the Municipal Employees' Pension Plan (MEPP) and the Regina Civic Employees' Superannuation and Benefit Plan (RCESP). The Government has fully funded its share of contributions to the defined contribution plans.

Information on the defined contribution plans of government service organizations is as follows:

	PEPP *Government Sponsored*	STRP [1]	MEPP [2]	RCESP [3]	2017 Total	2016 Total
Plan status	open	open	open	open	n/a	n/a
Member contribution rate *(percentage of salary)*	5.00-9.00 [4]	11.30-13.50	8.15	7.80-13.10	n/a	n/a
Government contribution rate *(percentage of salary)*	5.00-11.50 [4]	7.25-9.25	8.15	8.80-14.60	n/a	n/a
Government service organization participation						
Number of active members	17,007	15,582	9,743	2,108	44,440	45,210
Member contributions *(thousands of dollars)*	85,442	116,094	23,164	9,954	234,654	220,146
Government contributions *(thousands of dollars)*	92,194	84,755	23,164	11,150	211,263	208,721

[1] Teachers employed by Boards of Education after July 1, 1980 participate in the STRP, a contributory defined benefit pension plan. The Government contributes an amount which is set through provincial negotiations.
[2] Certain employees of Boards of Education and Regional Colleges participate in the MEPP, a multi-employer defined benefit plan. All costs, including costs of any actuarially determined deficiency, are equally shared by the employees and employers. At December 31, 2016, audited financial statements for the MEPP reported an accrued benefit obligation of $1,932.1 million (2015 - $1,796.0 million) and pension fund assets at market value of $2,276.5 million (2015 - $2,113.0 million).
[3] Certain employees of a Regional Health Authority and a Board of Education participate in the RCESP, a multi-employer defined benefit plan. The RCESP was amended effective January 1, 2016. Under the amended provisions the deficiency determined by the actuarial valuation as at December 31, 2014 will be amortized over a period of no more than 20 years commencing January 1, 2016. The pre-amendment deficiency will be funded through participating employer and employee contributions at a rate of 60 per cent and 40 per cent respectively and any future deficits funded on a 50:50 basis. At December 31, 2016, audited financial statements for the RCESP reported an accrued benefit obligation of $1,420.7 million (2015 - $1,349.9 million) and pension fund assets at market value of $1,373.3 million (2015 - $1,324.2 million).
[4] Contribution rate varies based on employee group.

Notes to the Summary Financial Statements

5. Retirement Benefits *(continued)*

Pension expense

The total pension expense of government service organizations includes the following:

(thousands of dollars)	2017	2016
Defined benefit plans		
Current period benefit cost	21,326	24,701
Amortization of estimation adjustments	27,056	1,002,133
Employee contributions	(4,949)	(5,373)
Pension interest expense	237,791	221,732
Pension expense, defined benefit plans	281,224	1,243,193
Other plans		
Pension expense, joint defined benefit plan	153,377	147,129
Pension expense, defined contribution plans	211,263	208,721
Total Pension Expense[1]	645,864	1,599,043

[1] Reported in the Summary Statement of Operations as follows: $343.4 million (2016 - $777.3 million) in education; $237.8 million (2016 - $221.7 million) in debt charges; $169.3 million (2016 - $163.4 million) in health; and ($104.6) million (2016 - $436.6 million) in other.

Government business enterprises

Defined benefit plans

There are additional employee pension plans of government business enterprises which are accounted for in the investment in government business enterprises. The two main defined benefit plans of government business enterprises are the Power Corporation Superannuation Plan (SaskPower) and the Saskatchewan Telecommunications Pension Plan (SaskTel). Other plans include the Saskatchewan Government Insurance Superannuation Plan, the Liquor Board Superannuation Plan, and the Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board.

The Government contributes the amount necessary to fund the payment of pension benefits.

Information on the defined benefit plans of government business enterprises is as follows:

	SaskPower	SaskTel	Others	2017 Total	2016 Total
Plan status	closed	closed	closed	n/a	n/a
Number of active members	41	32	6	79	104
Number of former members, superannuates and surviving spouses	1,757	1,961	374	4,092	4,170
Member contributions *(thousands of dollars)*	-	-	2	2	2
Government contributions *(thousands of dollars)*	-	-	3,712	3,712	5,462
Benefits paid *(thousands of dollars)*	62,727	67,588	9,140	139,455	176,060
Actuarial valuation date	Sept. 30/15	Dec. 31/13	Various	n/a	n/a
Long-term assumptions used					
Rate of compensation increase *(percentage)*	n/a	n/a	3.25	n/a	n/a
Discount rate *(percentage)*	3.50	3.50	3.30-3.69	n/a	n/a
Inflation rate *(percentage)*	2.00	2.50	2.00-2.25	n/a	n/a
Post-retirement index *(percentage of annual increase in Consumer Price Index)*	70	100	0-70	n/a	n/a

Notes to the Summary Financial Statements

5. Retirement Benefits *(continued)*

Based on the latest actuarial valuation with extrapolations to the government organization's year end, the present value of accrued pension benefits and the market value of pension fund assets are shown in the table below:

(thousands of dollars)	SaskPower	SaskTel	Others	2017 Total	2016 Total
Accrued benefit obligation	939,589	1,133,095	126,842	2,199,526	2,237,707
Fair value of plan assets	751,858	1,032,097	80,280	1,864,235	1,824,725
Pension Liabilities	187,731	100,998	46,562	335,291	412,982

Defined contribution plan

Information on government business enterprises' participation in PEPP is as follows:

	2017	2016 [1]
Plan status	open	open
Member contribution rate *(percentage of salary)* [2]	4.45-7.50	4.00-7.25
Government contribution rate *(percentage of salary)* [2]	5.50-11.00	5.50-10.50
Government business enterprise participation		
Number of active members	12,162	12,290
Government contributions *(thousands of dollars)*	65,649	77,686

[1] Includes 15 months of operations for certain government organizations (note 10).
[2] Contribution rate varies based on employee group.

Pension expense

Pension expense for government business enterprises is included in income from government business enterprises. The total pension expense of government business enterprises includes the following:

(thousands of dollars)	2017	2016 [1]
Defined benefit plans	15,141	17,181
Defined contribution plan	65,649	77,686
Total Pension Expense	80,790	94,867
Net Pension (Gain) Loss Included in Other Comprehensive Income	(89,117)	28,770

[1] Includes 15 months of operations for certain government organizations (note 10).

6. Trust Funds

Trust fund assets held and administered by the Government are as follows:

(thousands of dollars)	2017	2016
Pension plans	14,530,294	13,519,200
Employee benefit plans	553,636	522,457
Public Guardian and Trustee of Saskatchewan	232,558	219,549
Pension annuity funds	229,995	239,827
Other	129,852	111,219
Total Trust Fund Assets [1]	15,676,335	14,612,252

[1] Amounts are based on the latest financial statements of the funds closest to March 31, 2017, where available.

7. Contingencies

Guaranteed debt

The Government has guaranteed the debt of others of $19.4 million (2016 - $20.0 million).

Notes to the Summary Financial Statements

7. Contingencies *(continued)*

Guarantees include $18.9 million (2016 - $19.3 million) provided to lenders who make loans to breeder and feeder production associations under *The Farm Financial Stability Act*.

Lawsuits

The Government is involved in various legal actions, the outcome of which is not determinable. Up to $340.3 million may be paid depending on the outcome of lawsuits in progress which include aboriginal land claims, claims for damages to persons and property and disputes of taxes and funding.

8. Contractual Obligations

The Government has the following contractual obligations:

(thousands of dollars)	2018	2019	2020	2021	2022	Thereafter	2017 Total	2016 Total (Restated)
Government Service Organizations								
Policing transfer agreement	182,543	176,325	180,714	185,214	189,075	2,171,237	3,085,108	3,204,053
Construction and acquisition of tangible capital assets[1]	1,025,032	397,131	146,216	4,771	4,666	-	1,577,816	2,628,915
Operation, maintenance and life cycle rehabilitation payments under P3s	7,470	12,208	16,234	29,608	35,187	1,086,743	1,187,450	1,212,333
Service agreements								
Computer	95,107	71,914	60,417	43,862	15,672	4,253	291,225	200,416
Transportation	30,888	28,801	26,327	24,280	19,704	23,819	153,819	26,222
Fixed	8,160	8,323	8,490	3,608	-	-	28,581	35,602
Operating leases	74,073	57,929	45,010	34,137	25,675	31,682	268,506	278,885
Housing subsidies, transfers and loans	47,765	30,214	9,451	8,979	8,699	-	105,108	163,937
Beverage container collection and recycling programs	26,565	24,766	25,123	-	-	-	76,454	101,193
Maintenance contracts	25,000	25,000	-	-	-	-	50,000	75,000
Research and development	26,231	13,894	5,675	1,542	172	-	47,514	63,278
Economic growth projects	6,163	6,163	6,163	4,210	1,515	12,575	36,789	38,219
Other transfers								
Operating	299,839	103,298	15,800	9,965	2,091	2,681	433,674	881,521
Capital	98,635	39,776	4,366	-	-	-	142,777	94,009
Other	9,290	5,280	900	-	-	5,775	21,245	27,485
	1,962,761	1,001,022	550,886	350,176	302,456	3,338,765	7,506,066	9,031,068
Government Business Enterprises								
Forward purchase contracts								
Power purchase agreements	224,141	253,032	252,228	292,354	343,644	4,830,144	6,195,543	5,930,033
Coal	31,636	144,578	199,410	200,513	197,664	962,464	1,736,265	2,128,741
Natural gas	123,073	103,807	118,434	111,615	91,354	141,771	690,054	633,111
Other	43,713	5,814	5,814	5,057	2,089	-	62,487	40,618
Construction, acquisition and maintenance of capital assets	1,610,894	142,682	54,171	11,212	1,662	-	1,820,621	1,471,514
Operating service agreements	76,649	-	-	-	-	-	76,649	239,550
Operating leases	15,522	11,650	9,301	7,897	6,566	14,399	65,335	66,386
Other	6,715	3,415	3,415	3,415	3,415	17,062	37,437	38,452
	2,132,343	664,978	642,773	632,063	646,394	5,965,840	10,684,391	10,548,405
Total Contractual Obligations	4,095,104	1,666,000	1,193,659	982,239	948,850	9,304,605	18,190,457	19,579,473

[1] Includes $1,094.7 million (2016 - $2,042.3 million - restated) for the portion of P3 capital construction projects that are not yet completed. Cash payments related to these projects are disclosed in schedule 9.

Notes to the Summary Financial Statements

9. Budget Presentation

The 2016-17 Saskatchewan Provincial Budget was tabled in the Legislature on June 1, 2016. Public sector accounting standards require that financial statements contain a comparison of actual and budgeted results for the year and that budgeted results should be adjusted and reported on the same basis as the actual results of the current period. Accordingly, the 2016-17 Saskatchewan Provincial Budget, which was presented before an adjustment to account for pension costs on an accrual basis, has been adjusted to include this budgeted pension adjustment in total expense.

The following table reconciles the 2016-17 Saskatchewan Provincial Budget to the budget figures presented in these financial statements:

(thousands of dollars)	Budget	Pension Accrual[1]	Adjusted Budget[2]
Summary Statement of Operations			
Revenue			
Taxation	6,860,900	-	6,860,900
Non-renewable resources	1,484,900	-	1,484,900
Other own-source revenue	2,088,900	-	2,088,900
Transfers from the federal government	2,504,800	-	2,504,800
Net income from government business enterprises	1,084,400	-	1,084,400
Total Revenue	14,023,900	-	14,023,900
Expense			
Health	5,588,100	-	5,588,100
Education	3,688,400	(45,900)	3,642,500
Social services and assistance	1,243,900	-	1,243,900
Agriculture	780,300	-	780,300
Protection of persons and property	640,300	-	640,300
Transportation	565,200	-	565,200
Community development	580,600	-	580,600
Debt charges	297,200	237,700	534,900
Economic development	250,200	-	250,200
Environment and natural resources	237,000	-	237,000
Other	586,900	(321,900)	265,000
Total Expense	14,458,100	(130,100)	14,328,000
(Deficit) Surplus	(434,200)	130,100	(304,100)
Summary Statement of Accumulated Surplus			
Accumulated surplus, beginning of year	1,494,670		1,494,670
(Deficit) surplus	(434,200)	130,100	(304,100)
Adjustment to account for pension costs on an accrual basis	130,100	(130,100)	-
Accumulated Surplus, End of Year	1,190,570	-	1,190,570
Summary Statement of Change in Net Debt			
(Deficit) surplus	(434,200)	130,100	(304,100)
Adjustment to account for pension costs on an accrual basis	130,100	(130,100)	-
Acquisition of tangible capital assets	(1,789,000)	-	(1,789,000)
Amortization, disposition and adjustments of tangible capital assets	609,400	-	609,400
Increase in net debt	(1,483,700)	-	(1,483,700)
Net debt, beginning of year	(7,899,319)		(7,899,319)
Net Debt, End of Year	(9,383,019)	-	(9,383,019)

[1] Represents the reallocation of the adjustment to account for pension costs on an accrual basis to conform with the presentation of actual results in these financial statements.

[2] As presented on the Summary Statements of Operations, Accumulated Surplus and Change in Net Debt in these financial statements.

Notes to the Summary Financial Statements

10. Comparative Information on Alignment of Year Ends

During 2015-16, the year-end of the following government organizations was changed from December 31 to March 31 to align with the Government's fiscal year. Accordingly, the 2015-16 results include 15 months of operations for the following organizations.

Government Service Organizations

CIC Asset Management Inc.
CIC Economic Holdco Ltd.
Crown Investments Corporation of Saskatchewan (separate)
First Nations and Métis Fund Inc.
Gradworks Inc.
Saskatchewan Immigrant Investor Fund Inc.
Saskatchewan Opportunities Corporation
Saskatchewan Transportation Company

Government Business Enterprises

Saskatchewan Auto Fund
Saskatchewan Gaming Corporation
Saskatchewan Government Insurance
Saskatchewan Power Corporation
Saskatchewan Telecommunications Holding Corporation
Saskatchewan Water Corporation
SaskEnergy Incorporated

The following table adjusts the prior year results to a 12-month basis to provide a comparison to the current year:

(thousands of dollars)	2017			2016
	12 Months Ended March 31, 2017	12 Months Ended March 31, 2016[1]	3 Months Ended March 31, 2016[2]	Actual[3]
Summary Statement of Operations				
Revenue				
Taxation	6,351,253	6,605,304	-	6,605,304
Non-renewable resources	1,299,979	1,761,265	-	1,761,265
Other own-source revenue	2,174,184	1,987,655	15,370	2,003,025
Transfers from the federal government	2,954,834	2,155,489	-	2,155,489
Net income from government business enterprises (*schedule 3*)[4]	845,899	860,257	248,355	1,108,612
Total Revenue (*schedule 13*)	13,626,149	13,369,970	263,725	13,633,695
Expense				
Health	5,663,095	5,575,163	-	5,575,163
Education	3,653,851	4,037,688	-	4,037,688
Social services and assistance	1,300,310	1,255,970	-	1,255,970
Agriculture	1,100,624	612,752	-	612,752
Protection of persons and property	680,968	707,324	-	707,324
Transportation	576,938	531,326	7,217	538,543
Community development	560,208	523,143	-	523,143
Debt charges (*schedule 15*)	543,581	502,506	1,065	503,571
Economic development	251,419	254,077	10,161	264,238
Environment and natural resources	240,531	302,739	-	302,739
Other	272,747	829,902	2,170	832,072
Total Expense (*schedule 14*)[5]	14,844,272	15,132,590	20,613	15,153,203
(Deficit) Surplus	(1,218,123)	(1,762,620)	243,112	(1,519,508)
Summary Statement of Accumulated Surplus				
Accumulated surplus, beginning of year	1,494,670	3,074,362		3,074,362
(Deficit) surplus	(1,218,123)	(1,762,620)	243,112	(1,519,508)
Other comprehensive income (loss) (*schedule 3*)	95,365	6,884	(67,068)	(60,184)
Accumulated Surplus, End of Year	371,912	1,318,626	176,044	1,494,670

Notes to the Summary Financial Statements

10. Comparative Information on Alignment of Year Ends *(continued)*

(thousands of dollars)

	2017			2016
	12 Months Ended March 31, 2017	12 Months Ended March 31, 2016[1]	3 Months Ended March 31, 2016[2]	Actual[3]
Summary Statement of Change in Net Debt				
(Deficit) surplus	(1,218,123)	(1,762,620)	243,112	(1,519,508)
Net (acquisition) use of tangible capital assets	(1,174,752)	(760,727)	1,389	(759,338)
Net use (acquisition) of other non-financial assets	4,888	(8,415)	-	(8,415)
Other comprehensive income (loss) *(schedule 3)*	95,365	6,884	(67,068)	(60,184)
(Increase) decrease in net debt	(2,292,622)	(2,524,878)	177,433	(2,347,445)
Net debt, beginning of period	(7,899,319)	(5,374,441)	(177,433)	(5,551,874)
Net Debt, End of Period	(10,191,941)	(7,899,319)	-	(7,899,319)
Summary Statement of Cash Flow				
Cash used for operating activities	(1,253,927)	(487,799)	(231,910)	(719,709)
Cash used for capital activities	(1,646,229)	(1,300,339)	(1,437)	(1,301,776)
Cash provided by (used for) investing activities	119,312	249,039	(10,434)	238,605
Cash provided by financing activities	3,007,771	1,394,531	422	1,394,953
Increase (decrease) in cash and temporary investments	226,927	(144,568)	(243,359)	(387,927)
Cash and temporary investments, beginning of period	1,501,748	1,646,316	243,359	1,889,675
Cash and Temporary Investments, End of Period	1,728,675	1,501,748	-	1,501,748

[1] Includes 12 months of operations ending March 31, 2016 for certain government organizations, the year-end of which changed from December 31 to March 31 during 2015-16.

[2] Represents three months of operations ending March 31, 2015 for certain government organizations, the year-end of which changed from December 31 to March 31 during 2015-16.

[3] Includes 15 months of operations ending March 31, 2016 for certain government organizations as presented on the Summary Statements of Operations, Accumulated Surplus, Change in Net Debt and Cash Flow in these financial statements.

[4] Net income from government business enterprises reported by government organization is as follows:

(thousands of dollars)

	2017			2016
	12 Months Ended March 31, 2017	12 Months Ended March 31, 2016	3 Months Ended March 31, 2016	Actual
Liquor and Gaming Authority	478,087	503,757	-	503,757
Saskatchewan Auto Fund	188,723	80,252	78,802	159,054
Saskatchewan Telecommunications Holding Corporation	134,839	105,886	20,822	126,708
SaskEnergy Incorporated	145,562	55,702	55,173	110,875
Saskatchewan Government Insurance	65,172	41,203	43,324	84,527
Saskatchewan Gaming Corporation	24,375	26,789	5,892	32,681
Saskatchewan Power Corporation	56,316	(19,269)	45,181	25,912
Saskatchewan Water Corporation	6,477	5,605	1,741	7,346
Municipal Financing Corporation of Saskatchewan	674	692	-	692
Workers' Compensation Board (Saskatchewan)	(246,402)	(8,937)	-	(8,937)
Adjustments	(7,924)	68,577	(2,580)	65,997
Net Income from Government Business Enterprises *(schedule 3)*	845,899	860,257	248,355	1,108,612

Notes to the Summary Financial Statements

10. Comparative Information on Alignment of Year Ends *(continued)*

[5] Expense by object is as follows:

(thousands of dollars)	2017			2016
	12 Months Ended March 31, 2017	12 Months Ended March 31, 2016	3 Months Ended March 31, 2015	Actual
Salaries and benefits	6,285,037	7,146,910	7,935	7,154,845
Transfers	4,619,175	4,404,032	-	4,404,032
Operating costs	2,805,669	2,485,136	5,591	2,490,727
Debt charges (*schedule 15*)	543,581	502,506	1,065	503,571
Amortization of tangible capital assets (*schedule 12*)	543,576	539,274	2,826	542,100
Other	47,234	54,732	3,196	57,928
Total Expense (*schedule 14*)	14,844,272	15,132,590	20,613	15,153,203

11. Change in Accounting Policy

During 2016-17, the Government adopted PS 3430 restructuring transactions. A restructuring transaction is a transfer of an integrated set of assets and/or liabilities together with related program or operating responsibilities without fair value consideration. This accounting standard was applied prospectively and accordingly, prior periods have not been restated.

On March 31, 2017, the Government received water management infrastructure (dams) from the federal government. The dams were recognized as tangible capital assets in the amount of $28.7 million, which was the federal government's carrying value at the time of the transfer. Additionally, $350.0 million was provided as one-time funding related to the ongoing maintenance and operation of the dams. Both amounts were recorded as revenue during the year.

During 2015-16, the Government changed its accounting policy for equity investments subject to significant influence to align with Canadian public sector accounting standards, which resulted in a decrease in other investments of $20.2 million and a corresponding increase in the deficit.

12. Comparative Figures

Certain 2016 comparative figures have been reclassified to conform with the current year's presentation.

Accounts Receivable

Schedule 1

As at March 31, 2017

(thousands of dollars)

	2017	2016
Taxation	423,280	419,134
Non-renewable resources	153,250	104,902
Other own-source revenue	627,669	612,517
Transfers from the federal government	651,513	356,372
	1,855,712	1,492,925
Provision for loss	(131,930)	(115,729)
Total Accounts Receivable	1,723,782	1,377,196

Loans Receivable

Schedule 2

As at March 31, 2017

(thousands of dollars)

	2017	2016
Government business enterprises	254,585	298,874
Student loans	169,021	156,240
Affordable housing loans	69,494	93,359
Other	11,264	16,208
	504,364	564,681
Provision for loss	(72,254)	(68,954)
Total Loans Receivable	432,110	495,727

Government Business Enterprises

Loans to government business enterprises are presented net of government business enterprise specific debt of $8.0 billion (2016 - $7.6 billion).

Municipal Financing Corporation of Saskatchewan (MFC)

The Government has $100.0 million (2016 - $100.0 million) in loans receivable from MFC repayable over 28 years and bearing interest at 3.9 per cent (2016 - 3.9 per cent). The loans are recorded net of $3.1 million (2016 - $2.0 million) for MFC's equity in sinking funds administered by the Government.

Saskatchewan Power Corporation (SaskPower)

The Government has $100.0 million (2016 - $100.0 million) in loans receivable from SaskPower repayable over 23 years and bearing interest at 4.8 per cent (2016 - 4.8 per cent). The loans are recorded net of $9.9 million (2016 - $8.7 million) for SaskPower's equity in sinking funds administered by the Government.

SaskEnergy Incorporated (SaskEnergy)

The Government has $75.0 million (2016 - $120.0 million) in loans receivable from SaskEnergy repayable over 23 years and bearing interest at 4.8 per cent (2016 - 4.5 to 4.8 per cent). The loans are recorded net of $7.4 million (2016 - $10.4 million) for SaskEnergy's equity in sinking funds administered by the Government.

Student Loans

The program operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. Loans are interest free until the discontinuance of full-time studies or graduation. Interest rates are prescribed by the Government and range between 2.7 and 6.5 per cent (2016 - 2.7 and 6.5 per cent). Student bursaries, study grants and other varieties of loan forgiveness are available to students who meet specific criteria.

The administration and delivery of the federal and provincial student loans programs is integrated. The Government approves applications for both provincial and federal loans. External agencies are contracted to disburse, administer and collect loans, and the federal government is responsible for collection of loans in default.

A loss provision of $63.3 million (2016 - $61.6 million) has been recorded on these loans.

Loans Receivable *(continued)*

Schedule 2

Affordable Housing Loans

Headstart on a home loan program

The Government holds $64.9 million (2016 - $88.3 million) in loans receivable from various builders and developers that are used to construct entry level housing units. The loans are repayable at terms not exceeding 24 months and bear interest at 4.0 per cent (2016 - 4.0 per cent). A loss provision of $6.5 million (2016 - $4.4 million) has been recorded on these loans.

Other housing loans

The Government holds $4.6 million (2016 - $5.0 million) in loans receivable under various other housing programs. These loans are repayable at terms not exceeding 9 years and bear interest at rates between 2.2 and 3.2 per cent (2016 - 2.2 and 5.1 per cent). A loss provision of $0.7 million (2016 - $0.6 million) has been recorded on these loans.

Other

The Government's loan portfolio also consists of numerous other loans at various interest rates and maturities. Security on the loans varies and may include promissory notes, mortgages on real property, security agreements or guarantees. A loss provision of $1.8 million (2016 - $2.4 million) has been recorded on these loans.

Investment in Government Business Enterprises

As at March 31, 2017

(thousands of dollars)

	SaskEnergy	SaskPower	SaskTel	SaskWater	SGI
Assets					
Cash and cash equivalents	633	12,776	11,067	4,147	26,324
Accounts receivable	111,497	460,572	144,990	6,796	235,624
Inventories	98,518	213,610	25,462	685	-
Prepaid expenses	-	15,899	50,074	419	115,904
Investments	-	37,836	3,004	-	932,286
Capital assets	2,129,340	9,517,895	1,693,234	309,484	21,839
Intangible assets	59,810	48,405	318,832	-	-
Sinking funds	100,743	589,905	141,033	16,502	-
Other assets	4,868	11,480	6,835	46	3,639
Total Assets[4]	2,505,409	10,908,378	2,394,531	338,079	1,335,616
Liabilities					
Accounts payable and accrued liabilities	104,529	467,641	169,149	7,868	70,597
Dividends payable to government organizations	14,433	-	7,500	440	24,250
Gross debt	1,312,010	6,459,002	1,029,054	66,193	-
Unearned revenue	37,989	19,050	114,753	200,374	362,333
Provision for insurance claims	-	-	-	-	494,045
Other liabilities[6]	179,847	1,721,559	119,403	1,733	21,343
Total Liabilities[4]	1,648,808	8,667,252	1,439,859	276,608	972,568
Net Assets (Debt)	856,601	2,241,126	954,672	61,471	363,048
Revenue					
Operating	796,322	2,406,949	1,287,280	53,038	699,664
Investment income	-	1,079	5,778	10	55,988
Total Revenue[4]	796,322	2,408,028	1,293,058	53,048	755,652
Expense					
Operating	606,759	1,936,349	1,117,861	44,776	293,069
Insurance claims	-	-	-	-	396,679
Debt charges[5]	44,001	415,363	40,358	1,795	732
Total Expense[4]	650,760	2,351,712	1,158,219	46,571	690,480
Income (loss) from operations	145,562	56,316	134,839	6,477	65,172
Unusual items[4]	-	-	-	-	-
Net Income (Loss)	145,562	56,316	134,839	6,477	65,172
Retained earnings, beginning of year	669,476	1,546,441	601,379	47,939	267,009
Dividends to government organizations	(28,866)	-	(30,000)	(1,646)	(43,000)
Retained earnings, end of year	786,172	1,602,757	706,218	52,770	289,181
Accumulated other comprehensive loss, beginning of year	(1,228)	(60,578)	(55,035)	(5)	(7,051)
Other comprehensive income (loss)	126	38,954	53,489	6	918
Accumulated other comprehensive (loss) income, end of year	(1,102)	(21,624)	(1,546)	1	(6,133)
Equity advances from government organizations	71,531	659,993	250,000	8,700	80,000
Net Assets (Debt)	856,601	2,241,126	954,672	61,471	363,048

[1] Net assets are restricted as disclosed on page 68.

[2] Adjustments primarily include the elimination of unrealized inter-organizational gains and losses.

[3] Includes 15 months of operations for certain organizations (*note10*).

[4] Total assets include $983.8 million (2016 - $905.7 million) due from or invested in government organizations; total liabilities include $9,144.0 million (2016 - $8,733.0 million) in gross debt owing to government organizations and $318.1 million (2016 - $330.5 million) in accounts payable or services due from government organizations; total revenue includes $306.5 million (2016 - $338.6 million) from government organizations; total expense includes $706.2 million (2016 - $835.1 million) paid and owing to government organizations; and unusual items includes $51.6 million (2016 - $10.9 million - restated) paid to government organizations.

[5] Debt charges is reported net of sinking fund earnings. Interest in the amount of $323.4 million (2016 - $351.8 million) was paid and owing to government organizations.

Schedule 3

Auto Fund[1]	WCB[1]	SLGA	SGC	MFC	Adjustments[2]	2017 Total	2016 Total[3]
38,017	84,354	51,136	21,705	17,646	-	267,805	299,098
232,445	18,366	67,905	131	2,781	-	1,281,107	1,168,299
4,580	-	26,307	281	-	-	369,443	371,067
38,002	502	939	440	-	-	222,179	201,677
2,276,791	1,797,941	-	-	212,218	-	5,260,076	5,107,027
42,990	9,557	89,286	56,948	-	(11,104)	13,859,469	13,334,382
-	19,221	30,938	-	-	-	477,206	461,377
-	-	-	-	7,577	-	855,760	783,535
-	871	-	-	-	-	27,739	24,190
2,632,825	1,930,812	266,511	79,505	240,222	(11,104)	22,620,784	21,750,652
58,603	25,488	24,658	14,737	1,181	-	944,451	851,594
-	-	93,015	14,803	-	-	154,441	160,661
-	-	105,000	-	225,200	-	9,196,459	8,791,453
388,576	-	-	-	-	(22,629)	1,100,446	1,085,471
1,619,746	1,210,212	-	-	-	-	3,324,003	3,139,534
-	215,265	47,527	6,131	-	-	2,312,808	2,463,874
2,066,925	1,450,965	270,200	35,671	226,381	(22,629)	17,032,608	16,492,587
565,900	479,847	(3,689)	43,834	13,841	11,525	5,588,176	5,258,065
997,675	281,823	1,096,989	124,213	-	(4,725)	7,739,228	9,163,126
173,811	127,097	-	-	8,815	-	372,578	276,890
1,171,486	408,920	1,096,989	124,213	8,815	(4,725)	8,111,806	9,440,016
184,758	86,998	616,617	99,162	49	3,199	4,989,597	6,141,963
798,005	286,770	-	-	-	-	1,481,454	1,543,609
-	54	2,285	676	8,092	-	513,356	583,742
982,763	373,822	618,902	99,838	8,141	3,199	6,984,407	8,269,314
188,723	35,098	478,087	24,375	674	(7,924)	1,127,399	1,170,702
-	(281,500)	-	-	-	-	(281,500)	(62,090)
188,723	(246,402)	478,087	24,375	674	(7,924)	845,899	1,108,612
377,177	728,868	2,646	48,959	13,167	19,442	4,322,503	3,898,006
-	-	(478,141)	(29,500)	-	-	(611,153)	(684,115)
565,900	482,466	2,592	43,834	13,841	11,518	4,557,249	4,322,503
-	(2,682)	(8,090)	-	-	-	(134,669)	(74,485)
-	63	1,809	-	-	-	95,365	(60,184)
-	(2,619)	(6,281)	-	-	-	(39,304)	(134,669)
-	-	-	-	-	7	1,070,231	1,070,231
565,900	479,847	(3,689)	43,834	13,841	11,525	5,588,176	5,258,065

[1] Includes capital lease obligations of $1,136.6 million (2016 - $1,144.5 million) with the following payment schedule:

(thousands of dollars)	2017	2016
2016-17	-	173,997
2017-18	177,119	177,588
2018-19	180,776	181,237
2019-20	188,643	186,971
2020-21	187,650	187,650
2021-22	191,536	-
Thereafter	2,073,086	2,264,622
	2,998,810	3,172,065
Less interest and executory costs	(1,862,173)	(2,027,549)
Capital Leases[4]	1,136,637	1,144,516

[4] Capital leases bear interest at rates between 0.9 and 15.8 per cent (2016 - 0.9 and 15.8 per cent) and have expiry dates up to 19.6 years (2016 - 20.6 years).

Investment in Government Business Enterprises *(continued)* Schedule 3

The investment in government business enterprises is comprised of the Government's equity in the entities listed below. The financial statements of these entities are prepared in accordance with International Financial Reporting Standards.

SaskEnergy Incorporated (SaskEnergy)

SaskEnergy distributes, transports and stores natural gas in Saskatchewan while promoting its safe use as well as energy conservation.

Saskatchewan Power Corporation (SaskPower)

SaskPower supplies, transmits, distributes and sells electricity and related products and services.

Saskatchewan Telecommunications Holding Corporation (SaskTel)

SaskTel markets and supplies a range of wireless, voice, entertainment, internet, data, equipment, print and online advertising, security and consulting products and services.

Saskatchewan Water Corporation (SaskWater)

SaskWater provides reliable and professional water and wastewater services to Saskatchewan communities as well as to industrial and commercial customers.

Saskatchewan Government Insurance (SGI) and Saskatchewan Auto Fund (Auto Fund)

SGI's fully competitive general insurance business, SGI CANADA, offers a comprehensive line of property and casualty insurance products such as home, farm, business and automobile extension in five Canadian provinces.

The Auto Fund, administered by SGI on behalf of the Government, is the Province's compulsory vehicle insurance program which operates the driver's licensing and vehicle registration system. Any net assets of the Auto Fund are held on behalf of Saskatchewan's motoring public and cannot be used for any other purpose.

Workers' Compensation Board (Saskatchewan) (WCB)

WCB provides workers' compensation programs and services to Saskatchewan workers and employers. Any net assets of the WCB cannot be used for any other purpose.

Liquor and Gaming Authority (SLGA)

SLGA's mandate is to promote economic growth through the socially responsible distribution, management, operation and regulation of liquor and gaming across the Province.

To fulfill its mandate, SLGA operates retail liquor stores and regulates all liquor-permitted premises in the Province. It also directly manages the majority of the Provinces's electronic gaming machines, including video lottery terminals and slot machines at Saskatchewan Indian Gaming Authority casinos.

Saskatchewan Gaming Corporation (SGC)

SGC owns and operates Casino Regina and Casino Moose Jaw.

Municipal Financing Corporation of Saskatchewan (MFC)

MFC assists municipalities in financing their capital requirements.

Other Investments

Schedule 4

As at March 31, 2017
(thousands of dollars)

	2017	2016
Pooled investment funds	150,892	139,116
Bonds and debentures	104,091	165,937
Other	95,048	102,904
Total Other Investments[1]	350,031	407,957

[1] Includes $10.9 million (2016 - $10.7 million) restricted as a result of agreements with external parties.

Pooled Investment Funds

Pooled investment funds represent the Government's investment in units of various funds consisting primarily of debt and equities.

Bonds and Debentures

Bonds and debentures held by the Government have a market value of $105.2 million (2016 - $170.4 million) and include securities of:

	2017	2016
Corporations (coupon interest range 1.7% to 8.9%; maturing in 1.0 to 29.2 years)	42,451	93,274
Government of Canada (coupon interest range 0.3% to 5.8%; maturing in 1.0 to 28.9 years)	29,871	27,774
Governments of other provinces (coupon interest range 1.3% to 5.8%; maturing in 1.7 to 28.4 years)	29,503	33,201
Other (coupon interest range 2.8% to 5.0%; maturing in 9.7 to 10.9 years)	2,266	11,688
Total Bonds and Debentures	104,091	165,937

Other

Other includes $82.7 million (2016 - $88.3 million) of fixed rate securities with a market value of $83.4 million (2016 - $86.9 million) and $12.3 million (2016 - $14.6 million) of equity investments, including $10.8 million (2016 - $12.1 million) of equity investments in Canadian and international equity markets for which the quoted market value is $112.9 million (2016 - $83.1 million).

Accounts Payable and Accrued Liabilities

Schedule 5

As at March 31, 2017
(thousands of dollars)

	2017	2016
Accrued salaries and benefits[1]	802,323	770,023
Transfers[2]	644,858	511,380
Supplier payments	368,284	361,924
Federal government repayments[3]	247,893	263,881
Accrued interest	71,665	53,055
Other	262,374	139,537
Total Accounts Payable and Accrued Liabilities	2,397,397	2,099,800

[1] Includes other employee future benefits of $326.8 million (2016 - $304.0 million).

[2] Includes transfers payable to the federal government of $98.0 million (2016 - $108.1 million) and capital transfers payable of $48.9 million (2016 - $12.5 million).

[3] Includes amounts repayable for income taxes, Equalization and Canada Health and Social Transfers.

Unearned Revenue

Schedule 6

As at March 31, 2017
(thousands of dollars)

	2017	2016
Motor vehicle licensing fees	57,108	59,278
Education	56,842	52,896
Health	26,671	29,786
Crown mineral leases	12,576	8,859
Transfers from the federal government	7,871	15,511
Other	30,238	34,893
Total Unearned Revenue	191,306	201,223

Schedule 7

Public Debt

As at March 31, 2017

(thousands of dollars)

	2017			2016		
	General Debt[1,2,3]	Government Business Enterprise Specific Debt[2]	Public Debt	General Debt[1,2,3]	Government Business Enterprise Specific Debt[2]	Public Debt
General Revenue Fund						
Operating	5,409,511	-	5,409,511	4,098,562	-	4,098,562
Saskatchewan Builds Capital Plan[4]	1,685,893	-	1,685,893	700,000	-	700,000
Saskatchewan Power Corporation[5]	90,099	5,754,608	5,844,707	91,315	5,451,121	5,542,436
SaskEnergy Incorporated[5]	67,574	1,142,330	1,209,904	109,612	1,053,274	1,162,886
Saskatchewan Telecommunications Holding Corporation[5]	-	894,085	894,085	-	883,679	883,679
Municipal Financing Corporation of Saskatchewan[5]	96,912	121,422	218,334	97,947	132,426	230,373
Boards of Education	184,455	-	184,455	194,136	-	194,136
Saskatchewan Immigrant Investor Fund Inc	129,597	-	129,597	185,282	-	185,282
Liquor and Gaming Authority[5]	-	104,681	104,681	-	104,678	104,678
Regional Health Authorities	102,607	-	102,607	101,410	-	101,410
Saskatchewan Water Corporation[5]	-	40,386	40,386	-	47,444	47,444
Water Security Agency	42,476	-	42,476	47,678	-	47,678
Saskatchewan Opportunities Corporation	39,440	-	39,440	33,878	-	33,878
Global Transportation Hub Authority	31,086	-	31,086	24,000	-	24,000
Saskatchewan Housing Corporation	19,559	-	19,559	21,851	-	21,851
Other	5,775	-	5,775	1,955	1,266	3,221
Public Debt[1,6]	7,904,984	8,066,512	15,971,496	5,707,626	7,673,888	13,381,514

1 Public debt on the Statement of Financial Position includes only general debt.

2 General debt and government business enterprise specific debt are presented net of sinking funds (*see footnote 6*).

3 General debt includes $108.9 million (2016 - $108.1 million) secured primarily by assets with a carrying value of $81.6 million (2016 - $91.7 million-restated).

4 General Revenue Fund - Saskatchewan Builds Capital Plan consists of amounts borrowed by the General Revenue Fund to finance investment in infrastructure assets as presented in the Saskatchewan Provincial Budget.

5 Public debt of government business enterprises includes both general debt and government business enterprise specific debt. General debt of government business enterprises represents amounts transferred from the General Revenue Fund to government business enterprises and recorded as loans receivable (*schedule 2*). Government business enterprise specific debt represents debt issued by, or specifically on behalf of, government business enterprises.

Schedule 3 provides information on government business enterprises as presented in their audited financial statements closest to March 31, 2017. For government business enterprise general debt and debt borrowed by the General Revenue Fund specifically on behalf of government business enterprises the amounts shown above have been decreased by $19.6 million to conform to Canadian public sector accounting standards.

Public Debt *(continued)*

Schedule 7

[a] Included in public debt is U.S. dollar debt converted to $299.7 million Canadian (2016 - $291.8 million) net of U.S. dollar sinking funds converted to $312.7 million Canadian (2016 - $300.6 million) at the exchange rate in effect at March 31, 2017 of 1.3322 (2016 - 1.2971).

Public debt is comprised of gross debt net of sinking funds as follows:

	Gross Debt [a]	Sinking Funds *(schedule 8)*	2017 Public Debt
General Revenue Fund			
Operating	6,307,941	(898,430)	5,409,511
Saskatchewan Builds Capital Plan	1,700,000	(14,107)	1,685,893
Saskatchewan Power Corporation	6,447,447	(602,740)	5,844,707
SaskEnergy Incorporated	1,312,542	(102,638)	1,209,904
Saskatchewan Telecommunications Holding Corporation	1,038,705	(144,620)	894,085
Municipal Financing Corporation of Saskatchewan	226,000	(7,666)	218,334
Boards of Education	184,455	-	184,455
Saskatchewan Immigrant Investor Fund Inc.	129,597	-	129,597
Liquor and Gaming Authority	104,681	-	104,681
Regional Health Authorities	102,607	-	102,607
Saskatchewan Water Corporation	66,193	(16,807)	49,386
Water Security Agency	42,476	-	42,476
Saskatchewan Opportunities Corporation	42,684	(3,244)	39,440
Global Transportation Hub Authority	31,086	-	31,086
Saskatchewan Housing Corporation	53,295	(33,736)	19,559
Other	5,775	-	5,775
Public Debt	17,795,484	(1,823,988)	15,971,496

[a] The average effective interest rate on gross debt during 2016-17 was 4.0 per cent (2015-16 - 4.0 per cent - restated) and includes the impact of foreign exchange and the amortization of any premiums or discounts associated with the debentures. The average term to maturity of gross debt is 15.1 years (2016 - 14.3 years).

Debt principal payment requirements in each of the next five years and thereafter are as follows:

Year of Maturity	2017	2016
Short-term promissory notes	1,867,211	1,899,144
2016-17	-	657,798
2017-18	497,315	405,067
2018-19	672,552	672,502
2019-20	219,658	220,672
2020-21	1,450,072	1,046,909
2021-22	299,208	-
6-10 years	2,980,732	2,152,840
Thereafter	9,808,736	8,031,966
Gross debt [a]	17,795,484	15,086,898
Sinking funds	(1,823,988)	(1,705,384)
Public Debt	15,971,496	13,381,514

[a] Gross debt includes Canada Pension Plan debentures of $745.1 million (2016 - $745.1 million). These debentures are callable in whole or in part before maturity, at the option of the Minister of Finance of Saskatchewan.

Sinking Funds

As at March 31, 2017

(thousands of dollars)

Schedule 8

	2016 Sinking Funds	Contributions[1]	Earnings[2]	Redemptions[3]	Currency Adjustment	2017 Sinking Funds
General Revenue Fund						
Operating	873,309	37,592	17,451	(38,100)	8,178	898,430
Saskatchewan Builds Capital Plan	-	14,000	107	-	-	14,107
Saskatchewan Power Corporation	541,361	48,501	12,878	-	-	602,740
Saskatchewan Telecommunications Holding Corporation	132,152	9,366	3,102	-	-	144,620
SaskEnergy Incorporated	102,676	8,956	2,325	(11,319)	-	102,638
Saskatchewan Housing Corporation	32,480	520	736	-	-	33,736
Saskatchewan Water Corporation	14,973	1,483	351	-	-	16,807
Municipal Financing Corporation of Saskatchewan	5,627	1,954	85	-	-	7,666
Saskatchewan Opportunities Corporation	2,806	367	71	-	-	3,244
Total Sinking Funds[4]	1,705,384	122,739	37,106	(49,419)	8,178	1,823,988

[1] Annual contributions, established by Order in Council, are typically set at not less than one per cent of debentures outstanding, however minimum contribution levels of two per cent have been established for certain debenture issues. The aggregate amount of contributions estimated to be required in each of the next five years and thereafter to meet sinking fund requirements by debt classification (*see footnote 4*) are as follows:

	2018	2019	2020	2021	2022	Thereafter	Total
General debt	78,979	84,829	83,473	82,434	77,155	1,223,673	1,630,543
Government business enterprise specific debt	70,012	71,298	70,872	70,532	66,439	1,166,570	1,515,723
Total Sinking Funds	148,991	156,127	154,345	152,966	143,594	2,390,243	3,146,266

[2] Sinking fund earnings include gains on investment sales of $1.1 million (2016 - $15.3 million).

[3] The redemption value is based on the market value of the sinking fund units at the date of redemption.

[4] The market value of total sinking funds is $1,787.3 million (2016 - $1,679.8 million). Total sinking funds by debt classification are as follows:

	2016 Sinking Funds	Contributions	Earnings	Redemptions	Currency Adjustment	2017 Sinking Funds
General debt	929,721	55,679	18,906	(42,553)	8,178	969,931
Government business enterprise specific debt	775,663	67,060	18,200	(6,866)	-	854,057
Total Sinking Funds	1,705,384	122,739	37,106	(49,419)	8,178	1,823,988

Sinking fund assets have been invested as follows:

	2017	2016
Long-term investments[a] in securities of:		
Governments of other provinces (coupon interest range 1.1% to 4.4%; maturing in 1.2 to 29.7 years)	593,699	630,323
Government of Saskatchewan (coupon interest range 2.0% to 6.4%; maturing in 1.9 to 29.7 years)	398,988	368,644
Cash, short-term investments and accrued interest	831,301	706,417
Total Sinking Funds[b]	1,823,988	1,705,384

[a] The average yield to maturity on long-term investments at March 31, 2017 was 2.7 per cent (2016 - 2.8 per cent).

[b] Includes U.S. dollar cash, investments and accrued interest converted to $312.7 million Canadian (2016 - $300.6 million) at the exchange rate in effect at March 31, 2017 of 1.3322 (2016 - 1.2971).

Obligations Under Long-Term Financing Arrangements

Schedule 9

As at March 31, 2017

(thousands of dollars)

	2016			201
	Obligation	Additions	Payments	Obligation
Regina Bypass	127,270	515,300	-	642,570
18 Elementary Schools	142,612	304,322	(152,056)	294,878
Saskatchewan Hospital North Battleford	40,705	125,659	(38,687)	127,677
Swift Current Long-Term Care Facility	119,238	4,710	(2,205)	121,743
Total Obligations Under Long-Term Financing Arrangements	429,825	949,991	(192,948)	1,186,868

The Government has entered into public private partnerships (P3s) to design, build, finance and maintain certain tangible capital assets. The construction on all P3 projects is in progress. The details of the contracts for these projects are as follows:

Project	Partner	Date Contract Entered	Date of Actual/ Expected Completion	Length of Contract	Percentage of Completion	Discount Rate
Regina Bypass	Regina Bypass Partners	July 2015	November 2019	34 years	41.40%	3.10%
18 Elementary Schools	Joint-Use Mutual Partnership	August 2015	June 2017	32 years	95.84%	3.05%
Saskatchewan Hospital North Battleford	Access Prairies Partnership	August 2015	June 2018	33 years	54.55%	3.25%
Swift Current Long-Term Care Facility	Plenary Health Swift Current Limited Partnership	September 2014	April 2016	32 years	100.00%	3.50%

The Government has the following payment schedule related to its P3 financing arrangements:

		Contractual Obligation[2]		2017	2016 (Restated)
	Obligation[1]	Future Construction & Acquisition of Tangible Capital Assets	Future Operation, Maintenance & Life Cycle Rehabilitation	Total	Total
2016-17	-	-	-	-	214,849
2017-18	196,528	-	7,470	203,998	189,260
2018-19	32,460	-	12,208	44,668	44,628
2019-20	630,886	-	16,234	647,120	647,561
2020-21	82,250	-	29,608	111,858	127,767
2021-22	82,507	-	35,187	117,694	-
Thereafter	640,377	1,431,700	1,086,743	3,158,820	3,279,400
	1,665,008	1,431,700	1,187,450	4,284,158	4,503,465
Less interest costs	(478,140)	(336,961)	-	(815,101)	(818,960)
Total	1,186,868	1,094,739	1,187,450	3,469,057	3,684,505

[1] Represents the liability recorded for the capital portion of the project completed (*as reported above*).

[2] Represents the contractual obligation (*as reported in note 8*) for the capital portion of the project that is not yet completed, and operation, maintenance and life cycle rehabilitation payments for the duration of the contract. Total future payments for these contractual obligations, by project, are as follows:

	Contractual Obligation		2017	2016 (Restated)
	Future Construction & Acquisition of Tangible Capital Assets	Future Operation, Maintenance & Life Cycle Rehabilitation	Total	Total
Regina Bypass	909,498	718,224	1,627,722	2,163,682
18 Elementary Schools	34,191	249,820	284,011	585,949
Saskatchewan Hospital North Battleford	151,050	139,783	290,833	416,493
Swift Current Long-Term Care Facility		79,623	79,623	88,556
Total	1,094,739	1,187,450	2,282,189	3,254,680

Pension Liabilities

Schedule 10

As at March 31, 2017

(thousands of dollars)

	TSP[1]	PSSP	Others	2017 Total	2016 Total
Accrued benefit obligation, beginning of year	6,145,735	1,966,874	358,324	8,470,933	9,526,740
Current period benefit cost	6,967	357	14,002	21,326	26,088
Interest cost	185,323	57,093	15,835	258,251	243,098
Actuarial gains	-	(16,598)	(2,597)	(19,195)	(830,505)
Joint defined benefit plan (SHEPP)[2]	-	-	-	-	(4,066)
Benefit payments	(342,140)	(128,225)	(15,226)	(485,591)	(490,422)
Accrued Benefit Obligation, End of Year	5,995,885	1,879,501	370,338	8,245,724	8,470,933
Plan assets, beginning of year	354,030	-	134,171	488,201	534,860
Employer contributions	275,854	128,162	13,155	417,171	394,127
Employee contributions	1,192	63	3,694	4,949	5,373
Return on plan assets	11,734	-	8,726	20,460	22,753
Actuarial gains	-	-	4,185	4,185	21,510
Benefit payments	(342,140)	(128,225)	(15,226)	(485,591)	(490,422)
Plan Assets, End of Year[3]	300,670	-	148,705	449,375	488,201
	5,695,215	1,879,501	221,633	7,796,349	7,982,732
Unamortized estimation adjustments[4]	(12,295)	16,598	(14,522)	(10,219)	(60,655)
Total Pension Liabilities[5]	5,682,920	1,896,099	207,111	7,786,130	7,922,077

[1] The TSP had an actual rate of return on plan assets of 3.1 per cent (2016 - 2.2 per cent).

[2] The joint defined benefit plan includes only the Government's employer portion of the pension liability. At December 31, 2016, the SHEPP had a total accrued benefit obligation of $6,367.0 million (2015 - $5,776.8 million), pension fund assets at market related values of $6,158.9 million (2015 - $5,583.6 million) and unamortized estimation adjustment losses of $641.9 million (2015 - $408.9 million). The pension liability would increase by $897.7 million or would decrease by $725.8 million if the discount rate was decreased or increased by one percentage point respectively. The market value of the pension fund investments was $6,363.0 million (2015 - $5,920.0 million). The plan assets had an actual rate of return of 6.8 per cent (2015 - 8.2 per cent). The Government and member contributions to the plan totalled $153.4 million (2015 - $151.2 million) and $152.2 million (2015 - $156.3 million) respectively. Benefit payments from the plan totalled $294.3 million (2015 - $261.1 million).

[3] At March 31, 2017, the market value of defined benefit plan investments was $487.5 million (2016 - $530.0 million).

[4] Unamortized estimation adjustments are amortized to pension expense commencing in the year following the adjustment: 2.3 to 3.5 years for the TSP; in the year following for the PSSP; and up to 12.0 years for the other plans. These represent the expected average remaining service life of active plan members at the time the estimation adjustments arose.

[5] The total pension liabilities are based on the latest actuarial valuations extrapolated to March 31, 2017 for the defined benefit plans and December 31, 2016 for the joint defined benefit plan. Changes in assumptions can result in significantly higher or lower estimates of pension liabilities. A one percentage point decrease in the discount rate would result in a $862.7 million and $233.1 million increase in the pension liabilities for the TSP and the PSSP respectively, and a one percentage point increase would result in a $706.7 million and $193.6 million decrease in the pension liabilities for the TSP and the PSSP respectively.

Other Liabilities

Schedule 11

As at March 31, 2017
(thousands of dollars)

	2017	2016
Contaminated sites	281,992	292,816
Funds held on behalf of government business enterprises and others	188,203	153,804
Capital leases	73,794	73,371
Other	64,777	78,542
Total Other Liabilities	608,766	598,533

Contaminated Sites

Abandoned mines

The Government is responsible for remediation of certain abandoned uranium and precious and base metal mines on Crown land. For most of these abandoned mines, the companies that caused the contamination no longer exist. The contaminated sites liabilities include $190.3 million (2016 - $204.8 million) for the remediation of uranium mines, primarily the Gunnar and Lorado sites, and is net of expected recoveries of $11.2 million (2016 - $11.2 million). The Gunnar site has building debris, tailings and waste rock that contain radiation, and surface and ground water with elevated concentrations of uranium and several other elements. Lorado has radioactive tailings and 35 satellite uranium mine sites have issues including acidic water conditions and elevated radiation in exposed waste rock. The contaminated sites liabilities also include $28.9 million (2016 - $28.9 million) related to precious and base metal mines, which have several contaminants in soil, sediment and surface water from waste rock, tailings and concentrates.

Industrial operations

The Province has provided a $51.8 million (2016 - $47.8 million) indemnity for environmental liabilities predating 1986 related to the industrial operations of the ERCO Worldwide chemical plant and the Prince Albert pulp mill site. The chemical plant has excessive mercury levels in the soil throughout the site. The pulp mill site has excessive contaminants in a landfill waste area.

Other contaminated sites

The Government also has $11.0 million (2016 - $11.3 million) of other contaminated sites liabilities, mainly related to the storage of road salt and fuel.

Funds Held on Behalf of Government Business Enterprises (GBEs) and Others

Funds held on behalf of GBEs and others includes $65.3 million (2016 - $55.5 million) for GBEs.

Capital Leases

The Government has the following payment schedule related to its capital leases:

	2017	2016
2016-17	-	16,304
2017-18	18,991	14,605
2018-19	18,055	13,680
2019-20	15,692	11,692
2020-21	11,331	8,643
2021-22	7,065	-
Thereafter	55,241	59,284
	126,375	124,208
Less interest and executory costs	(52,581)	(50,837)
Capital Leases[1]	73,794	73,371

[1] Capital leases bear interest at rates between nil and 7.8 per cent (2016 - 0.1 and 7.8 per cent) and have expiry dates up to 15.6 years (2016 - 16.6 years).

Tangible Capital Assets

Schedule 12

As at March 31, 2017

(thousands of dollars)

	Land & Improvements	Infrastructure	Buildings & Improvements	Machinery & Equipment	Transportation Equipment	Office & Information Technology	2017 Total	2016 Total[1]
Estimated useful life (in years)	*3 - indefinite*	*5-100*	*2-80*	*2-33*	*3-40*	*2-25*		
Opening Net Book Value of Tangible Capital Assets	604,547	3,466,121	4,165,064	334,703	237,136	348,922	9,156,493	8,397,155
Opening cost	677,158	5,929,597	7,460,949	1,276,103	554,489	962,444	16,860,740	15,732,169
Acquisitions	14,753	873,326	697,825	50,690	41,653	83,496	1,761,743	1,332,812
Write-downs	-	-	(11,766)	(7)	(3,115)	(1,362)	(16,250)	(38,706)
Transfers[2]	(7,687)	28,698	(33,196)	2,040	(15,233)	(7,538)	(32,916)	-
Disposals	(17,669)	(44,963)	(10,657)	(16,933)	(26,830)	(42,906)	(159,958)	(165,535)
Closing Cost[3,4]	666,555	6,786,658	8,103,155	1,311,893	550,964	994,134	18,413,359	16,860,740
Opening accumulated amortization	72,611	2,463,476	3,295,885	941,400	317,353	613,522	7,704,247	7,335,014
Annual amortization	7,411	161,430	197,002	68,116	31,640	77,977	543,576	542,100
Write-downs	-	-	(280)	(1)	-	(798)	(1,079)	(18,318)
Transfers[2]	(157)	-	(18,179)	-	(12,235)	(7,681)	(38,252)	-
Disposals	(217)	(44,963)	(6,836)	(14,993)	(23,220)	(36,149)	(126,378)	(154,549)
Closing Accumulated Amortization	79,648	2,579,943	3,467,592	994,522	313,538	646,871	8,082,114	7,704,247
Closing Net Book Value of Tangible Capital Assets[5]	586,907	4,206,715	4,635,563	317,371	237,426	347,263	10,331,245	9,156,493

Does not include: works of art and historical treasures, such as the Legislative Building; items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, which are not recognized in these financial statements; and capital assets held by government business enterprises (*schedule 3*).

1 Includes 15 months of operations for certain government organizations (*note10*).

2 Transfers include assets held for sale with a net book value of $25.6 million reclassified to other financial assets primarily due to the planned wind-up of Saskatchewan Transportation Company in 2017-18.

3 Closing cost includes work in progress of $1,838.1 million (2016 - $956.8 million).

4 Closing cost includes the government's share in the North Central Shared Facility partnership of $25.8 million.

5 Closing net book value includes tangible capital assets acquired under public private partnerships (P3 assets) and leased tangible capital assets (leased TCAs) as follows:

	Land & Improvements	Infrastructure	Buildings & Improvements	Machinery & Equipment	Transportation Equipment	Office & Information Technology	2017 Total	2016 Total
P3 Assets								
Opening cost	-	130,047	329,894	-	-	-	459,941	47,553
Acquisitions	-	515,312	436,767	-	-	-	952,079	412,388
Closing cost	-	645,359	766,661	-	-	-	1,412,020	459,941
Closing accumulated amortization	-	-	3,512	-	-	-	3,512	-
Closing Net Book Value	-	645,359	763,149	-	-	-	1,408,508	459,941
Leased TCAs								
Closing cost	-	-	48,922	6,938	14,678	34,252	104,790	96,697
Closing accumulated amortization	-	-	12,731	2,769	4,867	10,631	30,998	20,795
Closing Net Book Value	-	-	36,191	4,169	9,811	23,621	73,792	75,902

Revenue

Schedule 13

For the Year Ended March 31, 2017

(thousands of dollars)

	2017		2016
	Adjusted Budget	Actual	Actual[1]
Taxation			
Individual income	2,774,700	2,592,155	2,537,349
Provincial sales	1,312,100	1,205,460	1,288,921
Corporation income	967,700	735,000	1,002,546
Property	666,900	675,436	657,749
Fuel	487,200	488,649	479,259
Tobacco	261,300	259,706	263,686
Other	391,000	394,847	375,794
Total Taxation	6,860,900	6,351,253	6,605,304
Non-Renewable Resources			
Oil	509,700	563,520	555,159
Resource surcharge	339,700	303,527	400,636
Potash	420,400	241,033	552,072
Crown land sales	36,000	50,133	44,016
Natural gas	9,500	7,922	9,582
Other	169,600	133,844	199,800
Total Non-Renewable Resources[2]	1,484,900	1,299,979	1,761,265
Other Own-Source Revenue			
Fees[3]	1,159,500	1,212,972	1,139,595
Insurance	264,500	303,554	242,480
Transfers from other governments	66,500	96,811	97,796
Investment income	123,100	91,758	101,100
Miscellaneous[4]	475,300	469,089	422,054
Total Other Own-Source Revenue	2,088,900	2,174,184	2,003,025
Transfers from the Federal Government			
Canada Health Transfer	1,127,300	1,138,836	1,080,673
Canada Social Transfer	417,800	422,709	408,722
Other[5]	959,700	1,393,289	666,094
Total Transfers from the Federal Government	2,504,800	2,954,834	2,155,489
Net Income from Government Business Enterprises *(schedule 3)*	1,084,400	845,899	1,108,612
Total Revenue	14,023,900	13,626,149	13,633,695

[1] Includes 15 months of operations for certain government organizations (*note 10*).

[2] Includes taxes of $226.9 million (2016 - $502.0 million).

[3] Includes $288.9 million (2016 - $252.4 million) for health care; $195.7 million (2016 - $200.7 million) for motor vehicle licensing; $160.0 million (2016 - $154.2 million - restated) for education; $142.0 million (2016 - $112.5 million - restated) for real property sales and leases; and $110.9 million (2016 - $111.9 million) for subsidized housing rental.

[4] Includes $66.5 million (2016 - $72.5 million) for lottery profits; $45.7 million (2016 - $59.6 million) for donations; and $21.2 million (2016 - $50.1 million) for reversals of prior year expenses.

[5] Includes $350.0 million (2016 - nil) for water infrastructure maintenance; $299.4 million (2016 - $118.8 million) for infrastructure; $243.1 million (2016 - $194.2 million) for crop insurance; $106.9 million (2016 - $52.6 million) for agricultural income stability; $96.0 million (2016 - $29.9 million) for disaster assistance; $94.0 million (2016 - $57.0 million) for housing; and $72.3 million (2016 - $68.6 million) for labour market initiatives.

Expense by Object

Schedule 14

For the Year Ended March 31, 2017

(thousands of dollars)

	2017	2016[1]
Salaries and benefits	6,285,037	7,154,845
Transfers[2]	4,619,175	4,404,032
Operating costs	2,805,669	2,490,727
Debt charges (*schedule 15*)	543,581	503,571
Amortization of tangible capital assets (*schedule 12*)	543,576	542,100
Other	47,234	57,928
Total Expense	14,844,272	15,153,203

[1] Includes 15 months of operations for certain government organizations (*note 10*).

[2] Includes capital transfers of $267.2 million (2016 - $144.2 million).

Debt Charges

Schedule 15

For the Year Ended March 31, 2017

(thousands of dollars)

	2017	2016[1]
Interest costs		
Public debt[2]	295,956	275,698
Pension liabilities (*note 5*)	237,791	221,732
Obligations under long-term financing arrangements	3,859	-
Other costs	5,975	6,141
Total Debt Charges	543,581	503,571

[1] Includes 15 months of operations for certain government organizations (*note 10*).

[2] Interest on public debt is presented net of $341.5 million (2016 - $326.7 million) in interest reimbursed for debt borrowed by government organizations specifically on behalf of government business enterprises.

Segment Disclosure

For the Year Ended March 31, 2017

(thousands of dollars)

	Treasury Board Organizations[1]	
	2017	2016
Revenue		
Taxation	6,351,253	6,605,304
Non-renewable resources	1,299,979	1,761,265
Revenue from government organizations	224,842	303,289
Other own-source revenue	1,839,365	1,706,336
Transfers from the federal government	2,649,749	1,940,621
Net income from government business enterprises (*schedule 3*)	478,761	504,449
Total Revenue (*schedule 13*)	12,843,949	12,821,264
Expense		
Health	5,663,095	5,575,163
Education	3,650,385	4,034,688
Social services and assistance	1,300,310	1,255,970
Agriculture	474,780	385,326
Protection of persons and property	680,968	707,324
Transportation	526,319	503,379
Community development	560,208	523,143
Debt charges (*schedule 15*)	548,969	506,920
Economic development	215,209	225,484
Environment and natural resources	236,374	302,734
Other	265,736	801,699
Total Expense (*schedule 14*)	14,122,353	14,821,830
(Deficit) Surplus	(1,278,404)	(2,000,566)

The segments of the Summary financial statements are based on the accountability and control relationships between the Government and the various organizations within the government reporting entity. Schedule 18 identifies the organizations included in each segment.

[1] *Treasury Board organizations* include the General Revenue Fund and organizations such as Regional Health Authorities, Boards of Education and Liquor and Gaming Authority.

[2] *CIC Board organizations* are agencies that are responsible to the Crown Investment Corporation of Saskatchewan (CIC) and include organizations such as Saskatchewan Power Corporation, Saskatchewan Telecommunications Holding Corporation and CIC Asset Management Inc.

[3] *Not-for-profit insurance organizations* are intended to be actuarially sound over the long term. These entities typically adjust rates to break even over the longer term and include Saskatchewan Auto Fund, Saskatchewan Crop Insurance Corporation, Crop Reinsurance Fund of Saskatchewan and Workers' Compensation Board (Saskatchewan).

[4] Represents adjustments to eliminate transactions between segments. Adjustments to eliminate transactions within a segment and adjustments to conform to the Government's accounting policies are represented in the numbers disclosed for each segment.

[5] Includes 15 months of operations for certain government organizations (*note10*).

Schedule 16

CIC Board Organizations[2]		Not-for-Profit Insurance Organizations[3]		Eliminations[4]		Total	
2017	2016[5]	2017	2016[5]	2017	2016	2017	2016[5]
-	-	-	-	-	-	6,351,253	6,605,304
-	-	-	-	-	-	1,299,979	1,761,265
9,865	11,354	258,904	199,512	(493,611)	(514,155)	-	-
61,313	78,478	273,506	218,211	-	-	2,174,184	2,003,025
-	-	305,085	214,868	-	-	2,954,834	2,155,489
424,817	375,146	(57,679)	229,017	-	-	845,899	1,108,612
495,995	464,978	779,816	861,608	(493,611)	(514,155)	13,626,149	13,633,695
-	-	-	-	-	-	5,663,095	5,575,163
3,466	3,000	-	-	-	-	3,653,851	4,037,688
-	-	-	-	-	-	1,300,310	1,255,970
-	-	877,433	420,119	(251,589)	(192,693)	1,100,624	612,752
-	-	-	-	-	-	680,968	707,324
50,619	35,164	-	-	-	-	576,938	538,543
-	-	-	-	-	-	560,208	523,143
3,729	5,300	9	-	(9,126)	(8,649)	543,581	503,571
46,075	50,108	-	-	(9,865)	(11,354)	251,419	264,238
4,157	5	-	-	-	-	240,531	302,739
11,092	34,633	-	-	(4,081)	(4,260)	272,747	832,072
119,138	128,210	877,442	420,119	(274,661)	(216,956)	14,844,272	15,153,203
376,857	336,768	(97,626)	441,489	(218,950)	(297,199)	(1,218,123)	(1,519,508)

Supplemental Cash Flow Information

Schedule 17

For the Year Ended March 31, 2017

(thousands of dollars)

	2017	2016[1] (Restated)
Other Non-Cash Items Included in the Deficit		
Amortization of tangible capital assets (*schedule 12*)	543,576	542,100
Write-downs of tangible capital assets (*schedule 12*)	15,171	20,388
Net gain on disposal of tangible capital assets	(81,934)	(20,050)
Net gain on transfer of tangible capital assets *(schedule 12)*	(30,953)	-
Net increase to provision for loss on loans receivable	3,300	1,515
Net (gain) loss on other investments[2]	(14,195)	17,505
Earnings retained in sinking funds (*schedule 8*)	(18,906)	(24,294)
Net foreign exchange gain	(1,458)	(1,613)
Total Other Non-Cash Items Included in the Deficit	414,601	535,551
Net Change in Non-Cash Operating Activities		
(Increase) decrease in accounts receivable	(346,586)	57,056
Increase in other financial assets[3]	(14,870)	(21,108)
Increase (decrease) in accounts payable and accrued liabilities	297,597	(124,730)
Decrease in unearned revenue	(9,917)	(39,509)
(Decrease) increase in pension liabilities	(135,947)	845,000
Decrease in contaminated sites liability	(10,824)	(19,549)
(Increase) decrease in prepaid expenses	(768)	697
Decrease (increase) in inventories held for consumption	5,656	(9,112)
Net Change in Non-Cash Operating Activities	(215,659)	688,745
Other Supplemental Information		
Cash interest paid during the year	292,810	284,931
Cash interest received during the year	32,029	48,459

[1] Includes 15 months of operations for certain government organizations (*note10*).

[2] Net (gain) loss on other investments consists of:

	2017	2016 (Restated)
(Income) loss from equities and pooled funds	(11,308)	3,854
Gain on sale of bonds and equities	(4,991)	(7,126)
Provision for loss	2,241	127
Amortization of bond premiums and discounts	(137)	490
Change in accounting policy (*note 11*)	-	20,160
Net (gain) loss on other investments	(14,195)	17,505

[3] Net of reclassification of assets held for sale from tangible capital assets to other financial assets.

Government Reporting Entity

For the Year Ended March 31, 2017

Schedule 18

Government Service Organizations (Consolidated)

Agricultural Credit Corporation of Saskatchewan
Agricultural Implements Compensation Fund
Boards of Education [5d]
- Chinook School Division No. 211
- Christ the Teacher Roman Catholic Separate School Division No. 212
- Conseil des écoles fransaskoises no. 310
- Creighton School Division No. 111
- Englefeld Protestant Separate School Division No. 132
- Good Spirit School Division No. 204
- Holy Family Roman Catholic Separate School Division No. 140
- Holy Trinity Roman Catholic Separate School Division No. 22
- Horizon School Division No. 205
- Ile-a-la Crosse School Division No. 112
- Light of Christ Roman Catholic Separate School Division No. 16
- Living Sky School Division No. 202
- Lloydminster Roman Catholic Separate School Division No. 89
- Lloydminster School Division No. 99
- North East School Division No. 200
- Northern Lights School Division No. 113
- Northwest School Division No. 203
- Prairie South School Division No. 210
- Prairie Spirit School Division No. 206
- Prairie Valley School Division No. 208
- Prince Albert Roman Catholic Separate School Division No. 6
- Regina Roman Catholic Separate School Division No. 81
- Regina School Division No. 4
- Saskatchewan Rivers School Division No. 119
- Saskatoon School Division No. 13
- South East Cornerstone School Division No. 209
- St. Paul's Roman Catholic Separate School Division No. 20
- Sun West School Division No. 207

Century Plaza Condominium Corporation
CIC Asset Management Inc. [4 6a]
CIC Economic Holdco Ltd. [4 6a]
Commercial Revolving Fund
Community Initiatives Fund
Correctional Facilities Industries Revolving Fund
Creative Saskatchewan
Criminal Property Forfeiture Fund
Crop Reinsurance Fund of Saskatchewan [8]
Crown Investments Corporation of Saskatchewan (separate) [4 6a]
Education Scholarship Fund
eHealth Saskatchewan
Enterprise Saskatchewan
Extended Health Care Plan for Certain Other Employees [5e]
Extended Health Care Plan for Certain Other Retired Employees [5e]
Financial and Consumer Affairs Authority of Saskatchewan
First Nations and Métis Fund Inc. [4 6a]
Fish and Wildlife Development Fund
Forest Management Funds
- Carrier Forest Management Trust [3]
- Crown Agricultural Land Forest Fund
- Edgewood Forest Renewal Trust Fund
- Island Forests Management Fund
- L&M Forest Renewal Trust Fund
- Meadow Lake OSB Forest Management Trust Fund
- Mee-Toos Forest Management Fund Trust
- Mistik Forest Management Trust
- Park Land Forests Management Fund
- Sakaw Forest Renewable Trust Fund
- Weyerhaeuser Forest Renewal Trust Fund
- Zelensky Bros. Forest Management Fund Trust

General Revenue Fund
Global Transportation Hub Authority
Government House Foundation
Gradworks Inc. [4 6a]
Growth and Financial Security Fund [7]
Health Quality Council
Health Shared Services Saskatchewan
Horned Cattle Fund
Impacted Sites Fund
Innovation Saskatchewan
Institutional Control Monitoring and Maintenance Fund
Institutional Control Unforeseen Events Fund
Law Reform Commission of Saskatchewan
Livestock Services Revolving Fund
Northern Municipal Trust Account [5e]
Oil and Gas Orphan Fund
Operator Certification Board
Pastures Revolving Fund
Physician Recruitment Agency of Saskatchewan
Prairie Agricultural Machinery Institute
Provincial Archives of Saskatchewan
Public Employees Benefits Agency Revolving Fund
Public Employees Dental Fund [5e]
Public Employees Disability Income Fund [5e]
Public Employees Group Life Insurance Fund [5e]
Queen's Printer Revolving Fund
Regional Colleges [5b]
- Carlton Trail College
- Cumberland College
- Great Plains College
- North West College
- Northlands College
- Parkland College
- Southeast College

Government Reporting Entity *(continued)*

Schedule 18

Regional Health Authorities
- Cypress Regional Health Authority
- Five Hills Regional Health Authority
- Heartland Regional Health Authority
- Keewatin Yatthé Regional Health Authority
- Kelsey Trail Regional Health Authority
- Mamawetan Churchill River Regional Health Authority
- Prairie North Regional Health Authority
- Prince Albert Parkland Regional Health Authority
- Regina Qu'Appelle Regional Health Authority
- Saskatoon Regional Health Authority
- Sun Country Regional Health Authority
- Sunrise Regional Health Authority

Saskatchewan Agricultural Stabilization Fund
Saskatchewan Apprenticeship and Trade Certification Commission [6]
Saskatchewan Arts Board
Saskatchewan Association of Health Organizations Inc.
Saskatchewan Cancer Agency
Saskatchewan Centre of the Arts Fund
Saskatchewan Crop Insurance Corporation [4b]
Saskatchewan Grain Car Corporation [5c]
Saskatchewan Health Research Foundation
Saskatchewan Heritage Foundation
Saskatchewan Housing Corporation [5e]
Saskatchewan Immigrant Investor Fund Inc. [4.5a]
Saskatchewan Impaired Driver Treatment Centre Board of Governors
Saskatchewan Legal Aid Commission
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation
Saskatchewan Opportunities Corporation [4.5a]
Saskatchewan Polytechnic [5e]
Saskatchewan Professional Teachers Regulatory Board [1,5d]
Saskatchewan Research Council
Saskatchewan Snowmobile Fund
Saskatchewan Student Aid Fund
Saskatchewan Transportation Company [4.5a]
SaskBuilds Corporation
Sask911 Account
School Division Tax Loss Compensation Fund
Tourism Saskatchewan
Training Completions Fund
Transportation Partnerships Fund
Victims' Fund
Water Appeal Board
Water Security Agency
Western Development Museum Fund

Government Business Enterprises (Modified Equity)

Liquor and Gaming Authority
Municipal Financing Corporation of Saskatchewan [5e]
Saskatchewan Auto Fund [4.5b]
Saskatchewan Gaming Corporation [4.5a]
Saskatchewan Government Insurance [4.5a]
Saskatchewan Power Corporation [4.5a]
Saskatchewan Telecommunications Holding Corporation [4.5a]
Saskatchewan Water Corporation [4.5a]
SaskEnergy Incorporated [4.5a]
Workers' Compensation Board (Saskatchewan) [5e,6b]

Government Partnerships (Proportionately Consolidated)

Battlefords First Nations Joint Board of Education (*organization under shared control*) [5d]
Prairie Diagnostic Services Inc. (*organization under shared control*) [5e]
Saskatchewan Entrepreneurial Fund Joint Venture (*45.5 per cent interest in organization under shared control*) [4.5a]
North Central Shared Facility (*72.9 per cent interest in asset under shared control*) [1]

---

[1] Organization determined to be part of the government reporting entity during 2016-17.

[2] Organization wound up during 2016-17.

[3] North West Communities Wood Products Forest Management Fund Trust was removed from the government reporting entity as it was wound up in a prior year. Its assets were transferred to Carrier Forest Management Trust.

[5] Organization's year-end changed from December 31 to March 31 during 2015-16.

[5] The year-ends of certain organizations differ from March 31, 2017: [c] April 2016, [d] June 2016, [e] July 2016, [b] August 2016, [a] December 2016.

[6] For segment disclosure (schedule 16) certain organizations are classified into categories other than Treasury Board Organizations as follows: [6] CIC Board Organizations, [7] Not for Profit Insurance Organizations.

Glossary of Terms

Accumulated (Deficit): The amount by which expense has exceeded revenue from the beginning of incorporation (1905) plus any adjustments that were charged directly to the accumulated deficit. It is calculated as the difference between total assets and liabilities.

Accumulated Surplus: The amount by which revenue has exceeded expense from the beginning of incorporation (1905) plus any adjustments that were charged directly to the accumulated surplus. It is calculated as the difference between total assets and liabilities.

Amortization: A systematic process of allocating an amount to revenue or expense over a period of time. Capital assets are amortized to expense over their expected remaining economic life. Actuarial gains and losses, such as those experienced by pension plans, are also amortized.

Amortized Cost: The initial cost of a security adjusted for the cumulative amortization of any purchase premium or discount, less any principal repayments.

Canada Health Transfer: A federal transfer provided, on an equal per capita cash basis, to jurisdictions in support of health care.

Canada Social Transfer: A federal transfer provided, on an equal per capita cash basis, to jurisdictions in support of post-secondary education, social assistance and social services, and early childhood development, early learning and childcare.

Capital Asset: An asset with physical substance held by the Government that has an economic life extending beyond one year, to be used on a continuing basis and is not for sale in the ordinary course of operations.

Capital Transfer: A grant provided to a third party such as a university or municipality to acquire or develop capital assets.

Consolidation: The method used to account for government service organizations (GSOs) in the Summary Financial Statements (SFS) in which the accounts of GSOs are adjusted to the basis of accounting described in note 1 of the SFS and then combined. Inter-organization balances and transactions are eliminated.

Debenture: A certificate of indebtedness where the issuer promises to pay interest and repay principal by a maturity date. It is usually unsecured, meaning there are no liens or pledges on any specific assets.

Debt: An obligation incurred through the issuance of debt instruments. Terms used when describing debt include:

Government business enterprise (GBE) specific debt is debt issued by GBEs and debt issued by the General Revenue Fund (GRF) specifically on behalf of a GBE where the government expects to realize the receivable from the GBE and settle the external debt simultaneously.

Gross debt is borrowings through the issuance of debt instruments such as promissory notes and debentures.

Sinking funds are funds set aside for the repayment of debt.

Public debt is gross debt net of sinking funds.

General debt is public debt net of loans to Crown corporations for GBE specific debt.

Guaranteed debt is the debt of others that the Government has agreed to repay if others default.

Debt Charges: Costs associated with debt, pension liabilities, obligations under long term financing arrangements, such as public private partnerships, and capital lease obligations. Debt charges include interest, foreign exchange gains and losses, discounts, fees and commissions.

Deficit: The amount by which expense exceeds revenue for a fiscal period.

Derivative: A contract in which the value is based on the performance of an underlying financial asset, index or other investment. It does not require an initial investment and is settled at a future date.

Fixed Rate: An interest rate that remains fixed either for an entire term or part of a term.

Floating Rate: An interest rate that changes on a periodic basis.

Financial Asset: An asset that can be used to discharge existing liabilities or finance future operations and is not for consumption in the normal course of operations.

Financial Instrument: Any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

General Revenue Fund (GRF): The primary operational account for the Government through which all provincial monies under the direct authority of the Legislative Assembly are collected and disbursed.

Government Business Enterprise (GBE): An organization that is controlled by the Government, is self-sufficient and has the financial and operating authority to sell goods and services to individuals and organizations outside the government reporting entity as its principal activity. GBEs are recorded in the SFS using the modified equity method.

Government Partnership: A contractual arrangement between the Government and one or more partners outside the government reporting entity where the partners share, on an equitable basis, the risks and benefits of the partnership. Government partnerships are proportionately consolidated in the SFS.

Government Reporting Entity: A set of organizations that are either controlled by the Government (government service organizations and government business enterprises) or subject to shared control (government partnerships). Trusts administered by the Government are excluded from the government reporting entity.

Government Service Organization (GSO): An organization that is controlled by the Government, except those designated as GBEs or government partnerships. GSOs are consolidated in the SFS.

Gross Domestic Product (GDP): The standard measure of the overall size of an economy, the value of all goods and services produced during a given period.

Hedge: A strategy to minimize the risk of loss on an asset (or liability) from market fluctuations such as interest rate or foreign exchange rate changes. This is accomplished by entering into offsetting commitments with the expectation that a future change in the value of the hedging instrument will offset the change in the value of the asset (or liability).

Modified Equity: The method used to account for GBEs in the SFS. The Government's investment, which is originally recorded at cost, is adjusted annually to include the net earnings (losses) and other net equity changes of the GBE.

Net Debt: It is the difference between liabilities and financial assets and represents the future revenue required to pay for past transactions or events.

Net Realizable Value: The selling price of an asset less any costs incurred to make the sale.

Non-Financial Asset: An asset that is acquired, constructed or developed and does not normally provide resources to discharge existing liabilities.

Other Comprehensive Income (Loss) (OCI): OCI includes certain unrealized gains and losses of GBEs that are excluded from net income but recognized as a change in net debt and accumulated surplus during the period.

Pension Liability: An actuarial estimate of discounted future payments to be made to retirees under government pension plans, net of plan assets.

Premium/Discount: The amount by which the selling price of a security is greater or less than its par or face value.

Present Value: The current value of one or more future cash payments, determined by discounting the future cash payments using interest rates.

Proportionate Consolidation: The method used to account for government partnerships in the SFS in which the accounts of government partnerships are adjusted to the basis of accounting described in note 1 of the SFS and then the Government's proportionate share are combined. Inter-organization balances and transactions are eliminated.

Public Private Partnership (P3): A method of procuring infrastructure assets under a contractual arrangement in which a private contractor: provides some or all of the financing for the project; designs and builds the project, often providing operations and maintenance for the project; and receives payments over an extended period of time.

Remediation: The improvement of a contaminated site to prevent, minimize or mitigate damage to human health or the environment.

Segment: A distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to help users of the SFS identify the resources allocated to support the major activities of a government.

Summary Financial Statements (SFS): The statements prepared to account for the full nature and extent of the financial activities of the Government.

Surplus: The amount by which revenue exceeds expense for a fiscal period.

Transfer: A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not: receive any goods or services directly in return, as would occur in a purchase/sale transaction; expect to be repaid, as would be expected in a loan; or expect a financial return, as would be expected in an investment.

Unrealized Foreign Exchange Gain (Loss): Potential gains and losses arise on foreign currency denominated monetary items when the exchange rate fluctuates. The unrealized foreign exchange gain (loss) represents the portion of this potential gain (loss) that has not been included in the accumulated surplus to date, but rather will be recognized over the remaining life of the monetary item.